



Iowa Department of **REVENUE**

Iowa's Endow Iowa Tax Credit Tax Credits Program Evaluation Study

December 2013

**By
Angela Gullickson
and
Jennifer Tilkes**

**Tax Research and Program Analysis Section
Iowa Department of Revenue**

Preface

During the 2005 Legislative Session the Iowa Department of Revenue received an appropriation to establish the Tax Credits Tracking and Analysis Program to track tax credit awards and claims. In addition, the Department was directed to assist the legislature by performing periodic economic studies of tax credit programs. This is the first economic study completed for this tax credit.

As part of the evaluation, an advisory panel was convened to provide input and advice on the study's scope and analysis. We wish to thank the members of the panel:

David Adelman	Cornerstone Government Affairs
Peter Benson	Lane & Waterman, LLP
Kaye Englin	Community Foundation of Northeast Iowa
Peggy Russell	Iowa Economic Development Authority
Laura Sauser	Iowa Council of Foundations
Dr. Bulent Uyar	University of Northern Iowa
Nancy Van Milligen	Community Foundation of Greater Dubuque

The assistance of an advisory panel implies no responsibility for the content and conclusions of the evaluation study. This study and other evaluations of Iowa tax credits can be found on the [Tax Credits Tracking and Analysis Program web page](#) on the Iowa Department of Revenue website.

Table of Contents

Executive Summary	7
I. Introduction	11
II. The Endow Iowa Tax Credit	11
A. History of the Endow Iowa Tax Credit	11
B. Community Foundations	12
C. How Endowment Funds Operate	13
III. Endowment Fund Tax Credits Around the United States	16
IV. Literature Review	17
V. Analysis of Endow Iowa Tax Credit Awards and Claims	19
A. Endow Iowa Tax Credit Awards	19
B. Characteristics of Endow Iowa Tax Credit Award Contributors	19
C. Endow Iowa Tax Credit Claims	23
VI. Estimated Impacts of the Endow Iowa Tax Credit	25
A. Estimated Impacts on Donations	25
B. Estimated Impact of Endow Iowa Donations on Total Charitable Contributions	25
VII. Conclusion	27
References	29
Tables and Figures	33
Table 1. Endow Iowa Tax Credit Award Statistics	35
Table 2. Endow Iowa Tax Credit Donation Statistics	36
Table 3. Analysis of Maximum Donations Allowed	37
Table 4. Share of Donations Under \$30,000 Compared to Ten Percent Requirement	37
Figure 1. Map of Community Foundations by County	38
Table 5. Allocation of Endow Iowa Tax Credits by Host Foundation, Award Years ...	39
Table 6. Spending Policies and Administrative Fees of Host Foundations	40
Table 7. Example of Endowment Fund Transactions over a Twenty-Year Period	41

Table 8. Total Endowed Assets by Host Foundation, 2005 through 2013	42
Table 9. Endowment Fund Tax Credits by State, December 31, 2013	43
Table 10. Persistence of Endow Iowa Awards, Award Years 2006 through 2011	45
Figure 2. Adjusted Gross Income of All Income Tax Filers and Households with Endow Iowa Awards, Award Years 2006 through 2011	46
Table 11. Endow Iowa Donations as a Percent of Adjusted Gross Income by Household AGI, Award Years 2006 through 2011	47
Table 12. Endow Iowa Tax Credit Awards by Filing Status, Award Years 2006 through 2011	48
Table 13. Endow Iowa Tax Credit Awards by Number of Dependents, Award Years	48
Table 14. Endow Iowa Tax Credit Awards by Age Group, Award Years 2006 through 2011	48
Figure 3. Total Award Amounts by Donor Location, Award Year 2012.....	Error! Bookmark not defined.
Table 15. Endow Iowa Tax Credit Awards by Donor Residence (Excludes Non- Residents), Award Year 2012	50
Figure 4. Per Capita Awards by County, Award Year 2010	51
Table 17. Source of Donations by Resident Location and Community Foundation, ..	53
Table 18. Concentration of Top 25 Endow Iowa Tax Credit Awards, Award Years 2006 through 2011	54
Table 19. Persistence of Top 25 Endow Iowa Tax Credit Awards, Award Years 2006 through 2011	54
Table 20. Residency Status of Endow Iowa Donations Under \$100,000, Awards Years 2006 through 2011	55
Figure 5. Per Capita Awards by County When Donations are Under \$100,000, Award Year 2010	56
Figure 6. Adjusted Gross Income of Households with Endow Iowa Tax Credit Claims, Tax Years 2006 through 2011	57
Table 21. Endow Iowa Tax Credit Claims by Household Adjusted Gross Income,	58

Table 22. Endow Iowa Tax Credit Claims by Award Year, Tax Year, and Fiscal Year	59
Table 23. Timing of Endow Iowa Tax Credit Award Claims	60
Table 24. Endow Iowa Tax Credit Claims with Carry Forward by Household, Tax Years 2006 through 2011	61
Table 25. Endow Iowa Tax Credit Carry Forward by Household Adjusted Gross Income, Tax Years 2006 through 2011	62
Table 26. Estimated After-Tax Cost of Endow Iowa Contribution	63
Table 27. Characteristics of Iowa Resident Households with Charitable Contributions,	64
Table 28. Estimation of the Impact of Endow Iowa Donations on Charitable Contributions Less Endow Iowa Donation	65

This Page Intentionally Left Blank

Executive Summary

The Endow Iowa Tax Credit went into effect on January 1, 2003. When first enacted, the tax credit equaled twenty percent of the donations made to any permanently endowed fund within a qualified foundation or community affiliate organization for the benefit of Iowa charitable causes. The amount of the donation could also be claimed as a charitable contribution if the taxpayer claimed itemized deductions on the Iowa tax return. Effective January 1, 2010, taxpayers were no longer able to claim the donation as a charitable deduction but in turn the credit rate was increased to 25 percent of the donation.

Endow Iowa Tax Credits, awarded by the Iowa Economic Development Authority, are subject to a fiscal year cap which has increased since the inception of the program to \$6 million effective in tax years 2012 and later. The Endow Iowa Tax Credit can be claimed against corporate income, individual income, franchise, insurance premium, and moneys and credits taxes. The Endow Iowa Tax Credit is nonrefundable but does have a carry forward of five years.

The major findings of the study are these:

Endowment Fund Tax Credits Around the United States

- There are currently four states, including Iowa, which award tax credits for contributions made to qualified endowment funds. The three other states that have tax credits are Kentucky, Montana, and North Dakota.
- The highest credit percentage among the tax credit programs is 40 percent (North Dakota and certain donations in Montana). The lowest rate is 20 percent in Kentucky.
- Only Iowa and Kentucky have aggregate tax credit award caps, \$6 million and \$0.5 million, respectively. All four states have individual taxpayer caps in place. Iowa's taxpayer cap is the highest at \$300,000 per taxpayer. The other states' taxpayer caps are \$10,000 per taxpayer, although in North Dakota, the \$10,000 cap applies to all business tax types and single filers, but rises to \$20,000 for married filers.
- Nebraska, Kansas, and Michigan had tax credits for donations to endowment funds. Nebraska's credit sunset in 2009 and Kansas' and Michigan's credits were repealed in 2012.

Endow Iowa Tax Credit Awards

- The highest number of Endow Iowa Tax Credit awards was issued in 2012, when the number reached 3,074. Between 2004 and 2012, the average number of awards each year was 1,561.
- The largest tax credit awards that have been issued equaled \$227,591 for a \$910,363 donation. This was the maximum award amount allowed in tax years 2011 and 2012 at the time the donations were made. The overall average award for the last nine years is \$1,884. The median award has not significantly changed since the early years of the program, equaling \$125 in the last three years. The median donation has equaled \$500 in the last five years despite the credit rate change in 2010.

Characteristics of Endow Iowa Tax Credit Award Recipients

- Over half of recipients of 2006 through 2011 Endow Iowa Tax Credit awards who could be matched to tax returns reported adjusted gross income (AGI) greater than \$100,000.
- On average, contributing households with AGI under \$100,000 donate 10 percent of their AGI towards qualifying Iowa endowment funds, while households with AGI over \$100,000, donated less than 3 percent of their household AGI. When considering all households with Endow Iowa donations, households donated just over 4 percent of household AGI to Iowa endowment funds.
- Almost 75 percent of award recipients are over the age of 55. This coincides with the theory that the donors to qualified endowment funds are older taxpayers who want to help insure the future of the causes in which they support.
- In 2012, donors resided in 84 counties. Dubuque County had the most households receiving Endow Iowa Tax Credit awards, 338, who were issued \$349,217 in total awards with an average award of \$1,033. Residents of Polk County received the most awards totaling \$2,092,638 with an average award of \$8,576. The average award per resident was \$1,957.
- Endow Iowa awards are highly concentrated. For award years 2006 through 2011, the 25 largest awards were identified, including awards to both corporate and individual taxpayers. On average, the top 25 awards comprise 50 percent of total awards issued. The shares of total awards received by these few taxpayers ranged from 45 percent in 2008 to almost 70 percent in 2006.

Endow Iowa Tax Credit Claims

- Although the Endow Iowa Tax Credit could first be claimed in tax year 2003, the Iowa Department of Revenue (IDR) began tracking the Endow Iowa Tax Credit claims during the 2006 tax year when the IA 148 Tax Credit Schedule was implemented.
- During 2006 through 2011 tax years, over \$14.5 million of Endow Iowa Tax Credits were claimed. During the six years, there were 6,062 different households that were identified as claiming tax credits.
- On average, almost 65 percent of newly awarded, nonrefundable Endow Iowa Tax Credits are used to offset tax liability in the tax year in which they were awarded. At the time of this report, 11 percent of 2006 awards and over 18 percent of 2007 awards expired.

Estimated Impacts on Donations

- In addition to the Endow Iowa Tax Credit that can be used to reduce State income tax liability, federal tax liability can also be reduced because the taxpayer can also claim the charitable contribution as an itemized deduction. Using the Iowa Department of Revenue individual income tax model, it is possible to estimate the after-tax cost of a \$1,000 donation to taxpayers in different income brackets in tax year 2010.
- Based on this analysis, it is estimated that the after-tax cost of a \$1,000 donation made in 2010 by a household with less than \$20,000 in adjusted gross income, would have been \$987. Alternatively, for households with over \$1 million in adjusted gross income, on average, their after-tax cost would have been \$405.

Estimated Impact of Endow Iowa Donations on Total Charitable Contributions

- Taxpayers who allocate charitable contributions to endowments eligible for the Endow Iowa Tax Credit face a price for that contribution that is 25 percent lower than any other charitable contribution. Therefore, it is reasonable to ask if those individuals who are awarded an Endow Iowa Tax Credit give more charitable contributions than other individuals with similar characteristics.
- Controlling for income, marital status, and age, the analysis suggests that non-Endow contributions increase by \$0.09 for each dollar donated toward a qualified Endow Iowa fund, or approximately one-third of the value of the tax credit received by taxpayers.

This Page Intentionally Left Blank

I. Introduction

The Endow Iowa Tax Credit began in 2003 in an effort to spur philanthropy across Iowa, increase planned gifts, and reduce the transfer of wealth to outside of the state. Participating community foundations help to manage endowment funds which then offer grants to local charitable organizations, causes and concerns. Establishing an endowment fund allows an individual to create a fund which supports a particular area of interest for the individual. The individual can then receive an award for donations to that fund. Taxpayers can also contribute to existing funds which align with their interests. These interests vary from scholarships, to community betterment, and the support of other public goods.

Another program enacted with the same goals in mind was the County Endowment Fund Program created in 2004.¹ Although the County Endowment Fund Program also contributes to community foundations, because it is a separate program it will not be discussed at length in this study.

Section II of the study discusses the Endow Iowa Tax Credit and how it works. Section III provides information about similar tax credits in other states. Section IV contains a review of literature on the topic of community foundations and endowment funds. Section V presents data regarding Endow Iowa Tax Credit awards and claims. Section VI provides the estimated impacts of the Endow Iowa Tax Credit and Section VII concludes the study.

II. The Endow Iowa Tax Credit

A. History of the Endow Iowa Tax Credit

The Endow Iowa Tax Credit went into effect on January 1, 2003. When the tax credit was first enacted, the tax credit award cap of \$2 million was set for all awards made during 2003 and 2004 combined (see Table 1). The tax credit cap was increased to \$2 million each year for 2005 through 2007. In 2008 and 2009, the amount of the tax credit cap was increased again when, in addition to the existing \$2 million cap, a percentage of the tax imposed on the adjusted gross receipts from gambling games was allocated to the credit.² The gambling receipts added over \$835,000, on average, to the tax credit cap annually. The portion of gambling receipts continued to be available in 2010 and

¹ The County Endowment Fund Program is funded from the State's gaming tax revenues and is available, on a yearly basis, to counties that do not hold a State issued gaming license. As of 2012, there were fourteen counties that held a gaming license. Those counties were Black Hawk, Clark, Clayton, Clinton, Des Moines, Dubuque, Lyon, Palo Alto, Polk, Pottawattamie, Scott, Washington, Woodbury, and Worth. Beginning in tax year 2005, 0.5 percent of the State's gaming revenue was disbursed to qualifying community foundations that met applicable National Standards for U.S. Community Foundations, or a community affiliate organization that was affiliated with such a foundation in one of the qualifying counties. This amount was increased to 0.8 percent during the 2006 Legislative Session. The County Endowment Fund Program is separate from the Endow Iowa Tax Credit, but they both support community foundations and community affiliate organizations around the state.

² Section 99F.11 (3) Code of Iowa 2011 stated one-half of the moneys remaining after five hundred twenty thousand dollars is appropriated to the Department of Cultural Affairs shall be credited, on a quarterly basis, to the general fund of the state for the purpose of funding the Endow Iowa Tax Credit.

2011, when the base tax credit cap was raised to \$2.7 million and \$3.5 million, respectively. During the 2013 Legislative Session, the tax credit cap was increased to \$6 million but the gambling receipts were eliminated as a source of award funds. The tax credit cap change in 2013 was made retroactive to calendar year 2012 awards because the demand for credits had exceeded the original cap for 2012.

When first enacted, the tax credit equaled twenty percent of donations made to any permanently endowed fund within a qualified foundation or community affiliate organization for the benefit of Iowa charitable causes (see Table 2). The amount of the donation could also be claimed as a charitable contribution if the taxpayer claimed itemized deductions on the Iowa tax return. With the support of the community foundations, legislation was enacted effective January 1, 2010 which eliminated the ability for taxpayers to claim the donation as an itemized deduction on the Iowa return, but in turn the tax credit rate was increased to 25 percent of the donation (the donation can still be claimed as a charitable contribution on the taxpayer's federal income tax return). Since the inception of the program through tax year 2012, over \$118 million of donations have been generated by the Endow Iowa Tax Credit (see Table 2). The average donation has been over \$11,000.

The Endow Iowa Tax Credit can be claimed against corporate income, individual income, franchise, insurance premium, and moneys and credits taxes.³ The Endow Iowa Tax Credit is nonrefundable but does have a carry forward of five years. The credit is also nontransferable. In addition to the program cap, there is also a taxpayer award cap. Taxpayers are limited to an award amount equal to five percent of the aggregate annual tax credit cap which equals \$300,000 for donations made in 2012 and later (see Table 3). The maximum donation has only been made thirteen times since the 2005 award year and only twice since the maximum allowed award was greater than \$100,000. Both of those maximum awards were made in 2011. However, in tax year 2012, the cap was raised retroactively during the 2013 Legislative session which also raised the effective maximum tax credit after all donations had been made. Prior to that increase, two taxpayers had received maximum awards based on the effective cap in place during the 2012 tax year.

Ten percent of the aggregate annual award limit is reserved for gifts in amounts of \$30,000 or less each year to ensure small donors receive credits. The number of smaller donations has increased every year since tax year 2004 and have accounted for between 14 percent and 32 percent of the amount of tax credit dollars awarded (see Table 4).

B. Community Foundations

Community foundations have become an important part of philanthropic giving in the United States since the first community foundation was created in 1914. There are over 700 community foundations which control over \$49.5 billion in assets. These foundations raise almost \$5 billion annually in new donations and award over \$4 billion

³ The moneys and credits tax is imposed under Iowa Code section 533.24 on credit unions conducting business in Iowa.

in grants. Community foundations face increased competition for donations because of the expanding number of charitable funds and the ease for donors to make donations to organizations online (The Center for Effective Philanthropy, 2011).

The first community foundation in the United States was The Cleveland Foundation. The Cleveland Foundation was created in 1914 by Frederick H. Goff for the purpose of pooling “the charitable resources of Cleveland’s philanthropists into a permanent endowment for the betterment of the city.” It was the intent of the foundation that community leaders in Cleveland would bear the responsibility of distributing the interest of the trust’s resources for “such charitable purposes as will best make for the mental, moral, and physical improvement of the inhabitants of Cleveland” (The Cleveland Foundation, 2013).

The original purpose of community foundations was to utilize community gifts in a responsive and need-appropriate manner, which is the same concept behind these foundations today. They are nonprofit organizations established to pool donations into a coordinated investment and grant-making fund dedicated primarily to the social improvement of a geographic area.

Any qualified foundation or community affiliate is a community foundation. In Iowa community affiliates register with host foundations and the host foundations are responsible for providing the Iowa Economic Development Authority (EDA) with the information necessary to issue the tax credit certificates. There are more than 130 qualified community foundations and affiliates that serve Iowa, although most affiliates are not qualified without the association with their host foundation. In order to be a qualified community foundation, the foundation must abide by the National Standards for U.S. Community Foundations which are set by the Community Foundations National Standards Board.⁴

C. How Endowment Funds Operate

An endowment fund is established to promote a particular activity or interest and the grant dollars are generated from the income earned on the endowment funds. Setting up an endowment fund allows citizens to support the passions toward which they wish to create a resource for long-term funding. Establishing an eligible endowment fund in Iowa begins with a donor who would like to create an endowment through one of the fifteen current Iowa host community foundations.

Community foundations cover all counties of the state (see Figure 1). The community foundation with the largest amount of Endow Iowa Tax Credit awards in 2012 was the Community Foundation of Greater Des Moines (see Table 5). This foundation covers 32 of Iowa’s 99 counties.

In order to establish an endowment fund an initial donation must be made. There is no rule or policy that sets the minimum donation needed to establish a fund through an

⁴ The National Standards for U.S. Community Foundations can be found at:
<http://bestpractices.cof.org/community/ListStandards.cfm>

Iowa Foundation; however, the general standard practice is that a threshold of \$10,000 must be met before any payout of the fund's assets will begin. The practice of accepting smaller endowment fund start-up requirements allows donors the flexibility to build-up their endowment fund over a period of years. This encourages donors to start at a younger age making small contributions to build up the endowment funds, which allow the donors to make an impact in the communities they care about.

The first decision the donor will need to make is what type of endowment fund they would like to create or whether they would rather contribute to an existing endowment fund. According to the Iowa Council of Foundations (2013a), there are six primary types of endowment funds and donations to any of the six of the fund types qualify for the Endow Iowa Tax Credit. The six types of endowment funds are:

- Unrestricted Fund – This fund addresses a broad range of local needs, including future needs that may not be anticipated at the time the endowment is established.
- Donor Advised Fund – With this type of fund, the donor is actively involved in suggesting which programs, projects or organizations receive grants on an ongoing basis.
- Field of Interest Fund – This fund allows donors to advise which areas of community projects they would prefer their donations to be funded.
- Designated Fund – This fund enables the donor to select a specific nonprofit organization or organizations that the endowment will support. For example, a specific animal shelter or animal shelters in general.
- Agency Endowment – This fund is established by nonprofit organizations at their local community foundations to build an endowment that supports the organization's mission in perpetuity. Donors from outside the agency can then contribute to the established fund and would qualify for the tax credit.
- Scholarship Fund – This fund allows the donor to designate a qualification for the recipient when the fund is established, but may not control the selection process. (Humboldt Area Foundation, 2013)

Once the endowment fund is set up, its spending policy must be determined. The spending policy of a community foundation varies among host foundations. Most foundations have a maximum spending policy of five percent, although some have a slightly lower maximum of 4.0 or 4.5 percent (see Table 6). According to Iowa Administrative Rules, in order for a permanent endowment fund's donations to qualify for the Endow Iowa Tax Credit, the fund must have a spending policy of no more than 5 percent.

In addition to the spending policy, there is an allowable administrative fee. The administrative fee also varies from foundation to foundation and may even vary by type of fund within a single host foundation (see Table 6). The Community Foundation of Carroll County has the lowest flat at 0.46 percent (Iowa Council of Foundations, 2013b). Administrative fees among other host foundations vary from as little as 0.1 percent to as high as 2.0 percent. In some cases the administrative fee varies by the size of the individual fund; as the fund increases in value, the administrative fee decreases.

The establishing donor will then sign a fund agreement that will be a permanent record of the donor's interests as well as the foundation's responsibility. The initial donation is then made with the signing of the fund agreement. Once an endowment fund is established, any taxpayer that wishes to contribute to the fund can make a donation. The taxpayer can then request an Endow Iowa Tax Credit award from the Iowa Economic Development Authority (EDA) by completing an Endow Iowa Tax Credit application.

A quarterly statement is received by the establishing donor detailing the fund activity. The establishing donor also receives an annual letter advising them how the annual payout and/or how their automatic payment was paid out. While grant information is not available at an individual fund level, some of the larger host foundations provide grant information in annual reports. The Community Foundation of Greater Des Moines awarded grants totaling almost \$25 million in fiscal year 2012 (Community Foundation of Greater Des Moines, 2013). The Community Foundation of Greater Dubuque distributed \$3.4 million in grants in 2013, with nearly 40 percent of those grants funding education (Community Foundation of Greater Dubuque, 2013).

Part of the work done by a community foundation is to build a permanent collection of endowed funds through pooled contributions of the type of funds listed above. The contributions are invested, expecting the maximum return and growth possible while safeguarding that the funds will exist in perpetuity. For example, a donor donates \$50,000 annually to the John Smith Endowment for a Local Hospital (see Table 7). Assuming the net annual return stays steady at 6 percent and the annual distribution also remains at 5 percent each year, at the end of the twenty years the gift will total \$1,000,000 and the distributed funds over the last 20 years will total \$559,799. The ending principal balance in the endowment fund will be \$1,111,960.

Endowed assets held by host foundations have grown considerably since 2005 (see Table 8). These assets include all donations awarded the Endow Iowa Tax Credit, but also include contributions made before 2003 and can include contributions made that did not result in tax credit awards. In 2005, total endowed assets totaled less than \$100 million, with the Greater Cedar Rapids Community Foundation holding the most assets at nearly 28 percent. By 2013, endowed assets exceeded \$520 million with the Community Foundation of Greater Des Moines having the greatest percentage of those assets at over 32 percent, or \$166.7 million. The Community Foundation of Greater Des Moines has experienced tremendous growth since 2005, when it accounted for less than 4 percent of total endowed assets. Total endowed assets growth has followed general asset prices in the economy with very little actual growth experienced in 2008 and 2009 when invested assets were affected by the economic downturn.

III. Endowment Fund Tax Credits Around the United States

There are currently four states, including Iowa, which award tax credits for contributions made to qualified endowment funds. The three other states that have tax credits are Kentucky, Montana, and North Dakota. There are also three states that had similar tax credits which have been repealed or have sunset (see Table 9).

Michigan was the first state to enact a tax credit for donations made to endowment funds. The Community Foundation Tax Credit was enacted in 1989 and the tax credit was equal to fifty percent of the contribution made to a certified community foundation. There was no annual program cap, but there was a taxpayer cap. Individual taxpayers were limited to a tax credit of \$100 for a single taxpayer or \$200 for taxpayers who are married and filing jointly. For corporate taxpayers, the cap was five percent of tax liability or \$5,000, whichever was less. For estates or trusts, the cap was ten percent of tax liability or \$5,000, whichever was less. The credit was nonrefundable and had no carry forward provision. The donation was also not eligible to be taken as an itemized deduction on the state income tax return. The tax credit was repealed in 2012.

Montana was the next state to enact an endowment tax credit in 1997. The Montana Qualified Endowment Tax Credit is not a permanent tax credit, it was supposed to expire at the end of 2013 but the sunset date was recently pushed back to the end of 2019. There is no annual program award cap, but there is a taxpayer cap of \$10,000. The amount of the credit for an individual taxpayer equals forty percent of a planned gift's value that can be claimed as a federal charitable deduction.⁵ A direct gift made by a business is eligible for a twenty percent tax credit. The tax credits are nonrefundable and cannot be carried forward. Qualifying donations are not eligible to be taken as an itemized deduction on the state income tax return.

Iowa, North Dakota, and Nebraska all enacted their state endowment fund tax credits after 2000. The Endow Iowa Tax Credit was enacted in 2003, followed by the Nebraska Charitable Endowment Tax Credit which was enacted in 2006 but sunset in 2009. The Nebraska credit was equal to fifteen percent of planned gifts by individuals, S corporations, partnerships, and limited liability companies and ten percent of any contribution by C corporations. There was no annual program cap, but corporations were limited to \$5,000 and individual taxpayers were limited to \$5,000 for single filers and \$10,000 for taxpayers who are married filing jointly. Qualifying donations were not eligible to be taken as an itemized deduction on the state income tax return.

Kansas enacted the Regional Foundation Tax Credit in 2004. The deduction was seventy-five percent of a qualified gift to an approved regional foundation. Kansas, like Iowa, did have an annual program cap. In fiscal year 2012 the cap was \$2 million. It was also the only state that allowed the credit as a refundable credit and did not have a

⁵ A planned gift is defined as an irrevocable contribution to a permanent endowment held by or for a tax-exempt organization which means the charity receives assets either in the future or over time (Dodds, 2012). Individuals are not able to make direct contributions and receive the credit.

taxpayer cap. The donations were not eligible to be taken as an itemized deduction on the state income tax return. The tax credit was repealed in 2012.

North Dakota first enacted the Tax Credit for Planned and Deferred Gifts in 2007. Deferred gifts to nonprofit organizations (including community foundations) qualify for the tax credit. In 2011, North Dakota also enacted the Tax Credit for Endowment Gifts. The second tax credit made it possible for direct donations to endowment funds to qualify for a tax credit, although individuals must make a minimum donation of \$5,000 in order to qualify. The amount of the tax credits equal forty percent of the deferred gift or direct contribution up to \$10,000 for corporations and up to \$10,000 for single filers and \$20,000 for taxpayers who are married filing jointly. Both tax credits are nonrefundable, but have a carry forward period of three years. Qualifying donations are not eligible to be taken as an itemized deduction on the state income tax return.

Kentucky most recently enacted a tax credit for funds donated to endowment funds in 2011. The Endow Kentucky Tax Credit has an annual program cap of \$500,000 per year. The credit is equal to twenty percent of the qualified donation with a per taxpayer cap of \$10,000. The tax credit is nonrefundable, but can be carried forward for five years. Unlike other credits of this type, Kentucky also allows the donation to be claimed as a charitable contribution against state income taxes.

IV. Literature Review

One focus of community foundations in Iowa is to capture assets from the inter-generational transfer of wealth. When a resident dies, all wealth may leave the State if heirs have moved elsewhere. Educating professional advisors and donors of the advantage of leaving gifts of charity at death helps retain a portion of that wealth in Iowa. Nationally, it has been estimated that \$41 trillion will pass from one generation to the next over the next 50 years (Wiktor, 2010).

The recent elimination of the Michigan tax credit provides some evidence of the effectiveness of tax credits in supporting endowments. According to USA Today (2013), the 2012 elimination of the Michigan 50 percent tax credit (with a maximum credit of \$200 for a couple, \$100 for an individual, and \$5,000 for a business) resulted in a significant decrease in donations. Donation information was received from 27 of the 31 community foundations in Michigan. Across foundations, in the year after the credit was repealed the average decrease in total donations made by individuals or couples was \$43,481, or 27.2 percent. The total loss in actual donations was reported to be more than \$1.15 million across all community foundations in Michigan (USA Today, 2013).

The Endow Iowa Tax Credit awarded approximately \$5.78 million in tax credits which totaled \$23 million in donations in tax year 2012. A 27 percent reduction in donations in tax year 2012 would have been a loss of more than \$6 million in gifts for Iowa's community foundations and affiliates.

Ultimately, the purpose of the tax credits is to make resources available for endowments, overseen by community foundations, to make grants to the community in support of varied causes of interest to the donors. The economic impact of grants issued by community foundations is considerable. The initial economic impact is the “immediate, tangible returns to the economy in the form of contributions to GDP, jobs, and taxes” (Peterson and Fuji, 2012, p. 6). The initial economic impacts are much easier to measure than the subsequent longer-term impacts. Some long-term economic impacts include reduced costs from lower rates of juvenile crime, expanding the arts and education, creating employment opportunities for the disabled and homeless, as well as supporting scientific research (Peterson and Fuji, 2012).

One of the first studies to evaluate the economic impact of foundations was completed in 2008. Shapiro and Mathur (2008) found that “on average, each dollar that private and community foundations provided in grants and support in 2007 produced an estimated average return of \$8.58 in direct, economic welfare benefits,” (p. 3). They found that the average return varied by the interest area to which the grant was made.

A more recent study of the economic impact of foundations was completed by Peterson and Fuji (2012) using Shapiro and Mathur’s (2008) framework. Peterson and Fuji, in analyzing the economic impacts of 2010 grants made by community foundations across the nation, found that “in the immediate short-run, foundation grants directly create just under 500,000 U.S.jobs,” (p. 18). Within a year, that number increased to almost one million jobs nationally. In addition, they pointed to many social welfare benefits, such as reduced homelessness, better access to education and healthcare, and more art and culture programs with social benefits that cannot be so easily measured.

Another situation to consider is the tax-exempt status of charities, which includes private and community foundations. Based on the work done by Shapiro and Mathur (2008), they found that “the jobs and incomes generated directly and indirectly by the activities of private foundations...generate substantially greater revenues than those foregone by the tax-exempt status of foundations.” They also find that the foundations depend on the preferred tax status of the donations in order to carry on their activities and that “taxing those donations or the assets and income that finance their activities would be equivalent to taxing the public service and social benefits they provide.” (Shapiro and Mathur, 2008, pp. 3-4).

Community foundations are concentrated in the Midwest, but grants made by those foundations are less concentrated. In 2009 and 2010, community foundations in the Midwest comprised 47 percent of the number of community foundations in the United States. The percent of total grants awarded in the U.S. by Midwest community foundations increased from 31 percent in 2009 to 34 percent in 2010 (Foundation Center, 2011; Foundation Center, 2012).

V. Analysis of Endow Iowa Tax Credit Awards and Claims

A. Endow Iowa Tax Credit Awards

In 2005, when the tax credit cap was \$2.0 million, there were 699 tax credit awards issued (see Table 1). The highest number of Endow Iowa Tax Credit awards was issued in 2012, when the number reached 3,074.⁶ Between 2004 and 2012, the average number of awards each year was 1,561. It should be noted that these are not necessarily the number of individuals or households, but the number of tax credit certificates issued. An individual or household can receive multiple tax credit certificates in a single year for several reasons. One reason is that some taxpayers choose to make several donations to one endowment fund throughout the year which generates multiple certificates. Second, some individuals choose to donate to more than one endowment fund, in which case the taxpayer is issued separate tax credit certificates. Third, it is also possible that both spouses in a household make donations and each spouse receives separate tax credit certificates.

Taxpayers who make a donation to a qualified endowment fund can then file an application with EDA to request a tax credit certificate equal to 25 percent of their donation. Prior to 2010, the credit was 20 percent of their donation and the donation amount could also be included as an itemized deduction on their Iowa return, which is no longer allowed. The maximum qualifying donation allowed in tax year 2012 was \$1.2 million which would result in a \$300,000 credit. The largest tax credit award that has been issued was \$227,591 in tax years 2011 and 2012 for a \$910,363 donation (see Table 2). The smallest tax credit award that has been issued was for \$1 for a \$4 donation (see Table 1). Regardless of the overall tax credit cap, the average tax credit award each year has not changed significantly since the early years of the program.

The average tax credit award has changed inversely with the number of awards, reflecting that over time, increased participation in the program has brought in more small donations. In the first two years, the average tax credit award was over \$5,000, dropped to \$3,000 for 2005 and 2006, then dipped below \$2,000 in 2007. The average steadily declined for the next three years, but jumped slightly in 2010 with the higher credit rate and has remained around \$1,800 through 2012. . In the last nine years, the lowest average award was \$1,269 in 2009 and the highest was \$5,044 in 2004. The overall average award for the last nine years is \$1,884, corresponding to an average donation of \$11,280. The median award also has not significantly changed since the early years of the program, equaling \$100 in 2008 and 2009 and \$125 in the last three years which corresponds to a median donation of \$500 which means at least half of the taxpayers donated that amount or less (see Table 2).

B. Characteristics of Endow Iowa Tax Credit Award Recipients

A question that is often asked is whether the same people donate money year after year or if there are new taxpayers donating each year. The persistence of donations shows that the majority of people have only donated once in the six years between award years 2006 and 2011 (see Table 10). A nearly identical pattern is seen when the

⁶ The 2013 Legislative Session passed HF 620 which increased the cap retroactively for tax year 2012.

individual taxpayers are combined into households. Up to this point, tax credit awards have been evaluated on a taxpayer basis, which considers spouses making separate donations separately, but going forward they will be analyzed on a household basis.

In order to identify some of the characteristics, tax credit awards to individual taxpayers were matched to tax returns filed in the same year of the award. The awards were aggregated by household so if a contributor (or their spouse) received more than one tax credit award within a tax year, only one household award amount equal to the total of the separate awards appears in the dataset. If taxpayers used filing status married filing separately on the same return, both spouses' adjusted gross incomes were also summed to create a household adjusted gross income (AGI).⁷ This analysis used returns from tax years 2006 through 2011. Clearly taxpayers who receive Endow Iowa Tax Credit awards tend to have higher AGI than other taxpayers with over 61 percent reporting AGI above \$100,000 compared to just fewer than 13 percent of all taxpayers (see Figure 2).

While the taxpayers who receive Endow Iowa Tax Credit awards, in general, have higher AGI than taxpayers that do not receive Endow Iowa Tax Credit awards, comparing donations by AGI level for those with awards reveals an interesting pattern. Households with lower AGI give a significantly larger percentage of their income than households with higher AGI (see Table 11). The analysis considers all households with awards between 2006 and 2011, where AGI and donation amounts are adjusted to 2011 dollars to make them comparable. On average, households with AGI under \$100,000 donate ten percent of their AGI towards qualifying Iowa endowment funds, while households with AGI over \$100,000, donated less than 3 percent of their household AGI. Keep in mind that for many taxpayers, particularly for the lower income taxpayers, it is likely that the Endow Iowa contribution was made from assets held by the taxpayer rather than current year income. When considering all households with Endow Iowa donations, households donated just over four percent of household AGI to Iowa endowment funds.

Filing status is another characteristic by which Endow Iowa Tax Credit awards can be analyzed. Almost 62 percent of the number of households with Endow Iowa Tax Credit awards are households in which a married couple files separately on a combined return (see Table 12). Those households account for over 46 percent of the tax credit dollars awarded and each household has an average total tax credit award of \$1,622. The filing status with the highest average award is married filing jointly. While married filing jointly households account for less than 18 percent of the number of tax credit awards, that same filing status accounts for over 33 percent of the dollar amount of tax credits awarded, resulting in an average award of \$4,058 per household.

Another point of interest is to examine the number of dependents present in a household. This is interesting because one of the perceived benefits of the endowment

⁷ The adjusted gross income amounts in all tax years were adjusted to 2011 dollars to account for inflation.

funds is that it keeps the wealth of the older generations, whose children have moved out of the house and potentially out of Iowa, in the state. This is supported because between 2006 and 2011, 75 percent of the number of awards and 78 percent of the award dollars were received by households with zero dependents (see Table 13). Of all of the different household characteristics the least amount of variation between the percent of number of awards and the percent of the amount of awards is seen when comparing the number and amount by the number of dependents in a household.

Of most interest when considering characteristics of those receiving Endow Iowa Tax Credit awards is the age of taxpayers who make qualifying donations (see Table 14). Almost 75 percent of taxpayers are over the age of 55 and over 43 percent are 65 or older. This coincides with the theory that the taxpayers who are donating to qualified endowment funds are older taxpayers who want to help insure the future of the causes in which they support.

In 2012, donors resided in 84 counties, making up a little less than 95 percent of Iowa's total population (see Figure 3).⁸ Dubuque County had the most households that received Endow Iowa Tax Credit awards. There were 338 households which were issued \$349,217 in total awards with an average award of \$1,033 (see Table 15). Residents of Polk County received the most awards totaling \$2,092,638 with an average award of \$8,576. The average award received by Iowa residents was \$1,957. There were eighteen counties where residents had average awards that exceeded the statewide average.

Because it is not surprising that the most populous counties have the most awards, another way to consider Endow Iowa Tax Credit awards by county is to look at tax credit awards per capita (see Figure 4). For this analysis award year 2010 was used since that is the most recent year that United States Census data is available for county populations. In 2010, there were 25 counties that had \$0 awards per capita and there were four counties, Dubuque, Hardin, Linn, and Polk, in which per capita awards exceeded \$2.01. Most counties had between \$0.01 and \$1.00 in awards per capita.

Another area of interest with regard to Endow Iowa Tax Credit awards and the corresponding donations is comparing where the taxpayers who make donations reside in contrast to where the endowment funds in which they are making their donations are located. Most counties have a relationship with only one host foundation.⁹ Therefore, when it was possible, donations were matched with a filed tax return, which lists the county in which the taxpayer resided at the end of the year and compared to the counties associated with the endowment fund to which the taxpayer made a donation.

⁸ This analysis is based on the location of the taxpayer's residence and does not indicate the exact county to which the donation was made, but reflects only the area covered by the host foundation.

⁹ In Marion County, the affiliate foundation for Marion County, which is an affiliate of the Greater Des Moines Community Foundation, is the organization which receives the gambling portion of the County Endowment Fund Program. The primary fund that receives donations which qualify for the Endow Iowa Tax Credit is the Pella Community Foundation. Therefore, the Pella Community Foundation has been determined to be the representative foundation for Marion County.

Of interest is whether households are donating money to endowment funds associated with the foundation covering the county where they live or if they are donating to funds associated with foundations elsewhere in the state. On average, between the years of 2006 and 2011, just over one percent of donations to qualified Endow Iowa endowment funds came from nonresident taxpayers (see Table 16). Over 91 percent of donations made to qualified funds were made by households living in one of the counties represented by the community foundation to which the endowment donation was made. Almost 8 percent of donations made to qualified funds were made by households located outside one of the counties represented by the community foundation to which the endowment donation was made. Over the six years for which there is data, the percent of nonresident donations has decreased from over 4 percent in 2006, to less than 0.5 percent in 2011. Out-of-foundation area donations accounted for over 12 percent of donations in 2007 and 2009, otherwise the percent of those donations were much closer to the average.

When comparing the residence of the donor with the location of the donation by community foundation, on average, community foundations receive almost 86 percent of their donations from households living within a county they cover and just over 11 percent of their donations from households that reside outside of a county in their coverage area (see Table 17). However, there is a lot of variation among the foundations with the Fort Dodge Community Foundation and the Siouxland Community Foundation receiving fewer than 62 percent of their donations from in-foundation donors while most other foundations' in-foundation donor rate exceeds 80 percent. Community foundations which border other states tend to have a higher percent of their donations from nonresidents than other foundations (see Figure 1). One exception is the Pella Community Foundation which receives over 18 percent of its donations from nonresidents. This is likely tied to former residents who still feel a strong tie to the community or several large out-of-state donors.

A final consideration of the award data focuses on the concentration of Endow Iowa Tax Credit awards. To measure concentration, for each year, the top 25 donations/awards were identified, including awards to both corporate and individual taxpayers. On average, the 25 awards comprised 50 percent of total awards issued in each year between 2006 and 2011 (see Table 18). The shares range from 45 percent in 2008 to almost 70 percent in 2006. While the 25 largest awards account for a large percentage of the dollars of tax credits awarded, those 25 awards account for less than 2 percent, on average, of the number of awards issued each year. Between 2006 and 2011 the average donation resulting in the 25 largest Endow Iowa Tax Credit awards was nearly \$268,000.

The 25 largest donors over each of the six award years 2006 through 2011 include 105 unique taxpayers suggesting that some of the large donors made large donations in multiple years (see Table 19). Given the demonstrated commitment to supporting endowed funds in Iowa, it is expected that when the persistence of donations among this group of taxpayers is compared to the persistence of all taxpayers that a larger percentage would have received Endow Iowa Tax Credit awards in multiple years. In

order to measure the persistence of taxpayers with a top 25 award, all donations made by those taxpayers across all other years, and not just the persistence of the 150 unique top 25 awards, were considered. Thus if a taxpayer gave a top 25 award in 2008 as well as two smaller awards in 2010 and 2011, the taxpayer would be counted as having three years of donations for this analysis. Expectations are confirmed when the persistence of taxpayers with one of the top 25 awards is compared to the persistence of all taxpayers (see Table 10). While approximately 70 percent of all Endow Iowa Tax Credit donors made only one donation between 2006 and 2011, when considering only those taxpayers with at least one of the 25 largest awards, that percent drops to less than 50 percent.

While a change was seen in the persistence of donations that qualified for tax credits when only the largest donations were considered, the same cannot be said for the analysis of where donors reside. Rather than considering only the top 25 awards which correspond to widely differing levels across the tax years, for this analysis, all donations over \$100,000 were excluded. This exclusion of large donations from the analysis resulted in very little change in the overall averages of where donors reside relative to the location of donations (see Table 20). While not considering donations over \$100,000 removed \$37.1 million in donations between 2006 and 2011, the averages were very similar to the analysis when considering all donations suggesting that the large donors are just as likely to donate to local foundations as all other donors (see Table 16).

The amount of awards per capita by county changes some when the donations that exceeded \$100,000 are excluded (see Figure 5). When the large awards are removed there is one additional county that falls to zero. There are also no longer any counties that exceed \$2.01 in awards per capita. Since Polk and Linn Counties no longer rank toward the top of per capita awards, it is apparent that the per capita awards when including all donations is skewed by large donations made by taxpayers living in those two counties.

C. Endow Iowa Tax Credit Claims

Although the Endow Iowa Tax Credit could start being claimed in tax year 2003, the Iowa Department of Revenue (IDR) began tracking the Endow Iowa Tax Credit claims during the 2006 tax year when the IA 148 Tax Credits Schedule was introduced. The IA 148 Tax Credits Schedule allows IDR to track the specific tax credit type and amount of tax credit claim from the “Other Nonrefundable Iowa Credits” line on the IA 1040 Iowa Individual Income Tax Form. When Endow Iowa Tax Credit claims are analyzed by the AGI of the individual income tax households that made the claims, there is some variation in the pattern between tax years 2006 and 2010 (see Figure 6). But, in general, the claims have a similar pattern, so further analysis will consider claims made in tax years 2006 through 2011 together.

Between the 2006 and 2011 tax years, over \$14.5 million of Endow Iowa Tax Credits have been claimed (see Table 21). When tax credit awards are issued to taxpayers, each award has a unique certificate number which allows IDR to track claims to the tax credit awards over time. Because awards can be claimed over six different tax years

(the first tax year which is usually the award year and the five subsequent carry forward tax years) tracking claims identifies utilization patterns that help forecast the fiscal impact of future tax credit awards.

During the six tax years, 6,062 households were identified as claiming tax credits. As determined in the award analysis, households often receive multiple awards during the same year or across years. For households who make multiple claims within the same tax year, claims are aggregated within the tax year and the household is counted only once. Households are counted multiple times if they had claims in multiple years, and the AGI for those households will be unique to each year with the tax credit claim. As expected the claims follow a similar pattern as awards with the number of claims and the total dollars of claims peaking in the AGI ranges of \$250,000 and greater.

There are different ways to track when tax credit awards are claimed. One way is by the award year, which is the year that the tax credit award was issued to the taxpayer. The other ways are by the tax year the claim was filed and the fiscal year in which the claim was filed, where claims tracked on tax returns for years 2006 through 2012 are presented (see Table 22). Recall that claim information is only available for tax years 2006 and later, but with the ability to carry forward the claims for the Endow Iowa Tax Credit to subsequent years, a small number of claims to 2004 and 2005 awards were tracked. While it appears that most tax credits are claimed during the same tax year in which the credits were awarded, a clear lag exists between the tax year and the fiscal year of claim. This reflects in part the fact that the State fiscal year begins in the July of the prior calendar year and that tax returns are not due until April of the following calendar year.

Taxpayers do not always have enough tax liability to fully utilize the nonrefundable tax credits in the year that they are issued. On average, almost 65 percent of newly awarded, nonrefundable Endow Iowa Tax Credits are used to offset tax liability in the first tax year (see Table 23). The nonrefundable tax credit awards can be carried forward for five additional tax years before they expire. Any 2006 Endow Iowa Tax Credit award not claimed by the 2011 tax year or any 2007 Endow Iowa Tax Credit award not claimed by the 2012 tax year has expired. At the time of this report, 11 percent of 2006 awards and over 18 percent of 2007 awards expired. It is possible that these numbers could decrease if additional late or amended tax returns are filed.

Between 2006 and 2011 over 18 percent of households that had available credits in any given year carried tax credits forward to later tax years, where additional households with only carry forward are included (see Table 24). The percent of households with carry forward increased over time as some households continued to accumulate credits as they made additional donations in later years but still had credits available to claim from donations made in prior years. The percent of households with carry forward decreased for the first time in tax year 2010 when the percent of household with carry forward fell from almost 21 percent to less than 18 percent. The percent of households with carried forward increased 1.5 percent from 2010 to 2011.

Of the households that are carrying forward credits, on average, those households are carrying forward almost 75 percent of their available credits each year. The highest percent carried forward was in 2008 (over 78 percent) when tax liabilities were likely reduced because of the recession, lowering the amount of tax credits households could claim. The effect of the recession on total tax credit carry forward in 2009 is significant as the amount of carry forward exceeded the \$2.4 million of new Endow Iowa Tax Credits issued in 2009 (see Table 25). However, the following year, in 2010, the amount of credits carried forward decreased by over \$1.7 million.

VI. Estimated Impacts of the Endow Iowa Tax Credit

A. Estimated Impacts on Donations

Because taxpayers receive the Endow Iowa Tax Credit for donations made to qualifying endowment funds, the actual cost to the taxpayer is less than the face value of the donation (see Table 26). In addition to the Endow Iowa Tax Credit that can be used to reduce State income tax liability, federal tax liability can also be reduced because the taxpayer can also use the donation as a charitable contribution itemized deduction, if the taxpayer chooses to itemize deductions instead of taking the standard deduction. Using the Iowa Department of Revenue individual income tax model, it is possible to estimate the after-tax cost of a donation to taxpayers in different income brackets in tax year 2010.

Most interesting is the difference in after-tax cost for households with lower incomes compared to households with higher incomes. Based on this analysis, it is estimated that the after-tax cost of a \$1,000 donation made in 2010 by a household with less than \$20,000 in adjusted gross income, would have been \$987 (see Table 26). Alternatively, for households with over \$1 million in adjusted gross income, on average, their after-tax cost would have been \$405. A household with the median adjusted gross income would fall into the \$30,001 to \$40,000 income range and would have an after-tax cost of \$780, on average. Because lower income households have less tax liability they are less likely to be able to fully utilize the credit and they are also less likely to itemize deductions than the higher income households. Higher income households have more State tax liability and a higher federal marginal income tax rate, so they benefit more from the federal charitable contribution itemized deduction.

B. Estimated Impact of Endow Iowa Donations on Total Charitable Contributions

Taxpayers who allocate charitable contributions to endowments eligible for the Endow Iowa Tax Credit face a price for that contribution that is 25 percent lower than any other charitable contribution. Therefore, it is reasonable to ask if those individuals who are awarded an Endow Iowa Tax Credit give more charitable contributions than other individuals with similar characteristics. Although large endowment contributions may result from estate planning where that price difference would have less of an impact on annual donation amounts, recall that the median contribution has been \$500 for the last five years which means half of donors received a tax credit award in response to a

donation of \$500 or less. These taxpayers likely donated to other charitable causes during the same year.

If a taxpayer has a set amount of dollars to donate during a tax year, directing some of those dollars to a fund for which the taxpayer knows he will receive an Endow Iowa Tax Credit may result in that taxpayer donating above the original budgeted amount. For this to occur, it is necessary that taxpayers be aware of the lower effective cost of the contribution as a result of the tax credit and be able to cash flow with additional contributions during the calendar year because the tax credit reduces liability the following April when tax returns are generally filed. However, a taxpayer that meets Iowa liability through estimated payments can reduce those payments during the calendar year by the amount of the tax credit and thus realize the lower cost of the qualified endowment contribution at that time, making it more likely that the taxpayer could reallocate at least some of the value of the tax credit to other charitable contributions or other Endow Iowa eligible funds.

Therefore, it is reasonable to ask if those individuals who are awarded an Endow Iowa Tax Credit give more charitable contributions than other individuals with similar characteristics. Tax year 2012 federal and Iowa individual income tax data was used to estimate the impact of the Endow Iowa Tax Credit on overall charitable contributions. The dataset includes only taxpayers who reside in Iowa and who claimed an itemized deduction for charitable contributions on their federal Schedule A. Recall that the contribution for which an Endow Iowa Tax Credit is awarded cannot be claimed as a charitable contribution on the Iowa tax return, but it can be claimed as a charitable contribution on the federal tax return in the year the donation was made.

The dependent variable of the regression is Total Charitable Contributions from the federal Schedule A less any contributions for which an Endow Iowa Tax Credit was awarded.¹⁰ In tax year 2012, over 353,000 Iowans who filed an electronic return, which includes 87 percent of all taxpayers, reported charitable contributions on their federal return. Of those, 1,729 were awarded an Endow Iowa Tax Credit for contributions made during calendar year 2012. The average charitable contribution made by Iowans without an Endow Iowa Tax Credit award in 2012 was \$4,035; however, the standard deviation was over six times that amount, suggesting a wide variation in the amount of contributions (see Table 27). The average charitable contribution, less the contributions that qualified for Endow Iowa Tax Credit, by the less than one percent of taxpayers that made an Endow Iowa contribution in 2012 was a much higher \$40,198, with similarly high variability. For those taxpayers, the average Endow Iowa contribution was \$10,732.

¹⁰ Using charitable contributions net of Endow Iowa contributions avoids having the same value as part of the dependent variable and as an independent variable, but the coefficient on the amount of Endow Iowa contributions only captures the amount of Endow Iowa Tax Credit that the taxpayer would reallocate to other charitable causes. It is likely that the taxpayer may be more likely to allocate part of the credit to the Endow Iowa fund itself, a direct result of the lower effective price for that donation. However, the coefficient on the Endow Iowa contribution amount when total contributions is used as the dependent variable does not indicate that is the case as the value is simply one plus the coefficient presented here.

The amount of charitable contributions is expected to be positively related to household adjusted gross income (AGI). Endow Iowa contributors have an average AGI four times other taxpayers and capital gains nearly nine times greater. Other independent variables included in the model are the age of the primary taxpayer and the marital status. It is expected that married households would contribute more at any given level of income, so the indicator for being in a married household is interacted with AGI in the regression. The average age of Endow Iowa contributors is nine years greater than all other taxpayers with charitable contributions and the share married is nine percent higher. Religious affiliation, gender, and education are also likely related to the amount of charitable giving, but the tax return data does not include this information.¹¹

The results of the regression analysis indicate a positive relationship between most of the independent variables and contributions (see Table 28).¹² The fact that the regression can only explain 40 percent of the variability in contributions, measured with the adjusted R squared statistic, likely reflects that some key characteristics about the taxpayers are unavailable. The coefficient on AGI which is considered in thousands of dollars, suggests that a \$1,000 increase in income explains a \$28 increase in non-Endow Iowa contributions. Being married suggests an additional \$30 in contributions for each \$1,000 increase in AGI, and each additional year of age is associated with an additional \$128 in contributions. The coefficient on Endow Iowa contributions suggests that, controlling for the other characteristics that explain higher donations, non-Endow contributions increase by \$0.09 for each dollar donated toward a qualified Endow Iowa fund, or approximately one-third of the value of the tax credit received by taxpayers.

VII. Conclusion

The goal of the Endow Iowa Tax Credit is to encourage Iowans to donate to qualified endowment funds, which reduces the transfer of wealth outside the state of Iowa. Since tax year 2003, almost \$17.7 million in Endow Iowa Tax Credits have been claimed by taxpayers who have made donations to qualifying Iowa community foundations. The awards correspond to around \$120 million in donations to permanent endowment funds that support local charitable organizations, causes, and concerns. The tax credit cap, which has been increased repeatedly over the last decade, has been almost fully utilized every year.

This analysis of the Endow Iowa Tax Credit awards and claims demonstrates that many high income taxpayers are participating in the program and taking advantage of the 25 percent state tax credit and the ability to use the Endow Iowa donation as a charitable

¹¹ Unobserved demographic characteristics could be partially controlled for by using county fixed effects, which partially captures demographic differences between individuals by accounting for the demographic differences between counties. The inclusion of county fixed effects did not change the coefficients on the other independent variables or the explanatory power of the regression, so those results are not presented here.

¹² Additional model specifications were attempted to account for data concerns, including a Tobit model to account for the truncated dependent variable as contributions cannot be negative, but the coefficients were unchanged.

itemized deduction on their federal tax return. Over 61 percent of awards went to taxpayers reporting AGI above \$100,000 during award years 2006 through 2011. At the same time there are many households that benefit significantly less on their taxes but continue to contribute to qualified endowment funds.

A key goal of the credit is to capture assets from the inter-generational transfer of wealth by lowans. The fact that almost 75 percent of Endow Iowa Tax Credit donations are made by individual income taxpayers who are 55 years or older suggests the tax credit is meeting this goal.

References

Community Foundation of Greater Des Moines, “2013 Report to the Community”, accessed at http://issuu.com/cfdesmoines/docs/cfdm_ar_webfinal?e=8393956/2712532 on January, 7, 2014.

Community Foundation of Greater Dubuque, “2013 Annual Report”, accessed at http://www.dbqfoundation.org/sites/default/files/reports/final_annual_report_web_res_0.pdf on January 7, 2014.

Dodds, Dan, “Annual Report on Charitable Endowment Credit,” April 20, 2012, accessed at <http://leg.mt.gov/content/Publications/services/2012-agency-reports/DOR-Qualified-Endowment-Credit-Report-April262012.pdf> on May 31, 2013.

Foundation Center, “Key Facts on Community Foundations”, April 2011, accessed at http://foundationcenter.org/gainknowledge/research/pdf/keyfacts_comm2011.pdf on September 4, 2013.

Foundation Center, “Key Facts on Community Foundations”, August 2012, accessed at http://foundationcenter.org/gainknowledge/research/pdf/keyfacts_comm2012.pdf on September 5, 2013.

Humboldt Area Foundation, “Create a Scholarship”, accessed at <http://www.hafoundation.org/haf/scholarships/create-a-scholarship.html> on August 22, 2013.

Iowa Council of Foundations, 2013a, “Endowing Iowa. For Good. For Ever”, accessed at <http://www.iowacommunityfoundations.org.asp1-16.dfw1-1.websitetestlink.com/endowing-iowa-for-good-for-ever.aspx>, on May 29, 2013.

Iowa Council of Foundations, 2013b, “Spending Policy and Administrative Fees Table”, received from Laura Sauser on December 31, 2013.

Iowa Economic Development Authority and Iowa Council of Foundations, “2012 Report to Legislature and Governor on Endow Iowa & County Endowment Fund Programs”, February 2013, accessed at <http://www.iowacommunityfoundations.org/county-endowment-fund.aspx> on May 29, 2013.

Kansas Department of Revenue, “Regional Foundation Credit”, accessed at <http://www.ksrevenue.org/taxcredits-RegionalFoundation.html> on June 7, 2013.

Kentucky Government, “103 KAR 15:195, Endow Kentucky Tax Credit, August 5, 2011, accessed at <http://www.lrc.ky.gov/kar/103/015/195.htm> on May 31, 2013.

Montana Department of Revenue, Qualified Endowment Credit Form, 2012, accessed at http://revenue.mt.gov/content/formsandresources/downloadable-forms/2012/QEC_2012.pdf on May 31, 2013.

Nebraska Department of Revenue, "Nebraska Endowment Credit", revised January 11, 2010, accessed at http://www.revenue.nebraska.gov/info/endow_credit.html on June 6, 2013.

Nebraska Department of Revenue, Nebraska Individual Income Tax Booklet, 2006, accessed at http://www.revenue.nebraska.gov/tax/06forms/f_1040n_book.pdf on June 6, 2013.

North Dakota Community Foundation, "Building North Dakota's Future", April 27, 2011, accessed at <http://www.ndcf.net/information/ndtaxcredit.asp> on April 29, 2013.

North Dakota Department of Revenue, "Notice of correction and update to the July 11 issue of Income Tax Update: News and developments for tax practitioners", November 14, 2011, accessed http://www.nd.gov/tax/indincome/pubs/newsletter/nl_07-11.pdf?20131114095742 on April 29, 2013.

Peterson, Steven and Benjamin Fuji, "Economic Impacts of 2010 Foundation Grantmaking on the US Economy", November 2012, accessed at <http://www.philanthropycollaborative.org/economicimpacts/EconomicReport.pdf> on September 6, 2013.

Shapiro, Robert J. and Aparna Mathur, "The Social and Economic Value of Private and Community Foundations", December 2008, accessed at <http://www.murdock-trust.org/murdock-documents/resources/studies/FoundationStudy.pdf> on September 4, 2013.

TaxCreditResearch.com, accessed at <http://www.taxcreditresearch.com/> on April 29, 2013.

The Center for Effective Philanthropy, "Rhetoric Versus Reality: A Strategic Disconnect at Community Foundations", 2011, accessed at <http://www.effectivephilanthropy.org/assets/pdfs/Community%20Foundation%20Strategy%20Study%20PDF.pdf> on September 4, 2013.

The Cleveland Foundation, "Our History.", accessed at <http://www.clevelandfoundation.org/about/history/> on June 10, 2013.

The Philanthropic Collaborative, "Creating Jobs & Building Communities: A Review of the Impact of Foundations and Eight Short Case Studies", March 2011, accessed at <http://tpcjobs.org/Study.pdf> on September 6, 2013.

USA Today, "Charitable giving tied to state tax write-offs", September 24, 2013, accessed at <http://www.usatoday.com/story/news/nation/2013/09/24/charitable-giving-state-tax-deductions/2860755/> on October 23, 2013.

Wiktor, John R. "Putting Family First: Intergenerational Wealth Transfer and Investment Planning", 2010, accessed at http://www.hmblaw.com/media/10514/jti-2703-s5-wiktor-reprint_20_2_.pdf on September 5, 2013.

This Page Intentionally Left Blank

Iowa's Endow Iowa Tax Credit
Tax Credits Program Evaluation Study
Tables and Figures

This Page Intentionally Left Blank

Table 1. Endow Iowa Tax Credit Award Statistics

Year of Tax Credit Award	Tax Credit Award Cap	Additional Gambling Monies	Total Awards Issued	Number of Awards Issued	Average Award Issued	Smallest Award Issued	Largest Award Issued	Median Award Issued
2003 & 2004	\$2,000,000	\$0	\$1,003,773	199	\$5,044	\$5	\$100,000	\$500
2005	\$2,000,000	\$0	\$2,139,417	699	\$3,061	\$1	\$100,000	\$200
2006	\$2,000,000	\$0	\$2,000,000	655	\$3,053	\$1	\$100,000	\$140
2007	\$2,000,000	\$0	\$1,999,591	1,038	\$1,926	\$2	\$97,750	\$200
2008	\$2,000,000	\$1,167,065	\$3,167,065	1,878	\$1,686	\$2	\$119,900	\$100
2009	\$2,000,000	\$394,446	\$2,394,446	1,887	\$1,269	\$2	\$101,322	\$100
2010	\$2,700,000	\$761,445	\$3,461,445	2,026	\$1,709	\$2	\$135,000	\$125
2011	\$3,500,000	\$1,023,397	\$4,523,397	2,596	\$1,742	\$3	\$227,591	\$125
2012	\$6,000,000	\$0	\$5,779,542	3,074	\$1,880	\$1	\$227,591	\$125
Total	\$24,200,000	\$3,346,353	\$26,468,676	14,052				
Average	\$2,688,889	\$836,588	\$2,940,964	1,561	\$1,884			

Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue

Table 2. Endow Iowa Tax Credit Donation Statistics

Year of Tax Credit Award	Total Tax Credits Issued	Tax Credit Rate	Total Amount of Donations Generated	Smallest Donation Made	Largest Donation Made	Average Donation Made	Median Donation Made
2003 & 2004	\$1,003,773	20%	\$5,018,865	\$25	\$500,000	\$25,220	\$2,500
2005	\$2,139,417	20%	\$10,697,085	\$5	\$500,000	\$15,303	\$1,000
2006	\$2,000,000	20%	\$10,000,000	\$5	\$500,000	\$15,267	\$700
2007	\$1,999,591	20%	\$9,997,955	\$10	\$488,750	\$9,632	\$1,000
2008	\$3,167,065	20%	\$15,835,325	\$8	\$599,498	\$8,432	\$500
2009	\$2,394,446	20%	\$11,972,230	\$10	\$506,608	\$6,345	\$500
2010	\$3,461,445	25%	\$13,845,780	\$7	\$540,000	\$6,834	\$500
2011	\$4,523,397	25%	\$18,093,588	\$10	\$910,363	\$6,970	\$500
2012	\$5,779,542	25%	\$23,118,168	\$5	\$910,362	\$7,521	\$500
Totals	\$26,468,676		\$118,578,996			\$11,280	

Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue

Table 3. Analysis of Maximum Donations Allowed

Award Year	Total Cap	Maximum Allowed Award	Number of Awards that were the Maximum
2005	\$2,000,000	\$100,000	5
2006	\$2,000,000	\$100,000	6
2007	\$2,000,000	\$100,000	0
2008	\$3,176,855	\$158,843	0
2009	\$2,394,447	\$119,722	0
2010	\$3,657,621	\$182,881	0
2011	\$4,523,398	\$227,591	2
2012*	\$6,000,000	\$300,000	0

* The cap was raised retroactively, which raised the maximum award after all donations were made. Two taxpayers donated the maximum award prior to the cap being raised.

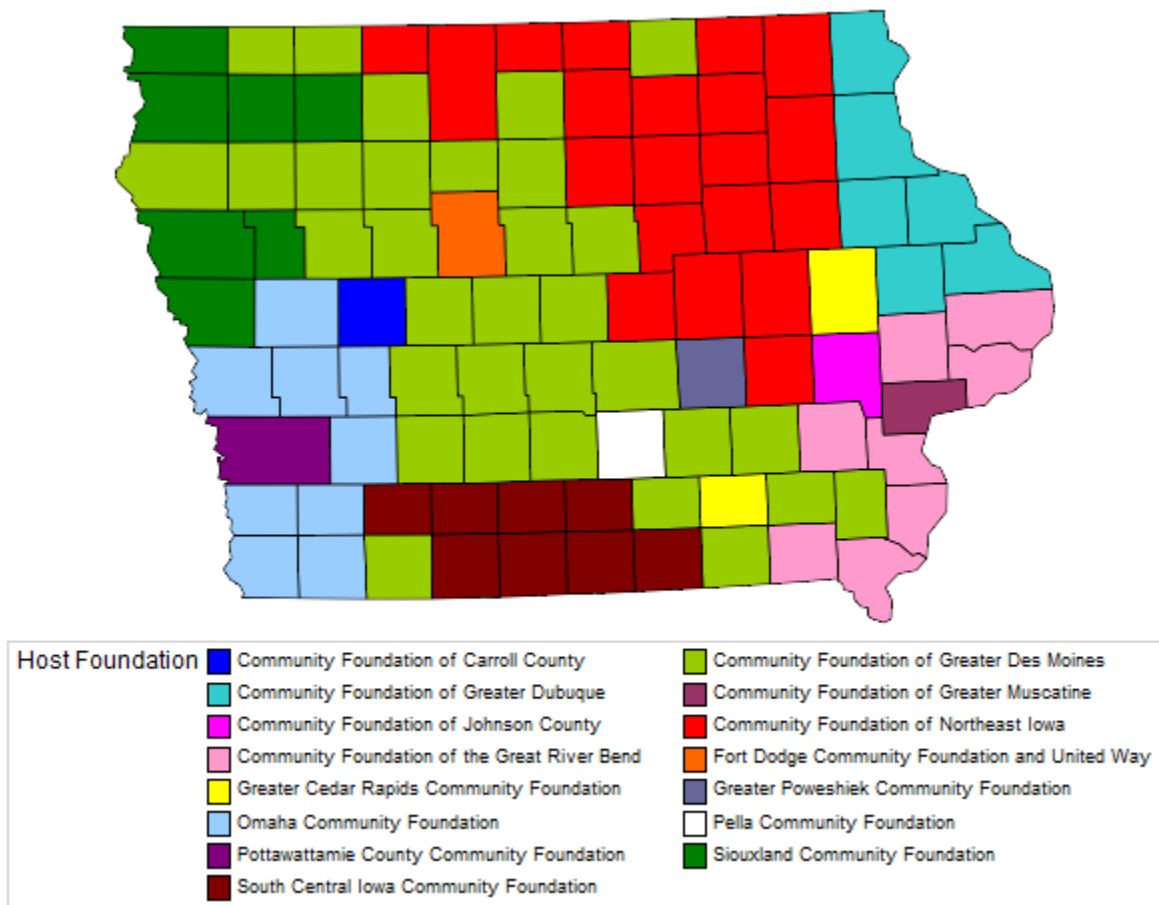
Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue

Table 4. Share of Donations Under \$30,000 Compared to Ten Percent Requirement

Award Year	Donations Under \$30,000			Donations Over \$30,000			Donations Under \$30,000 as a Share of Total Donations	
	Count	Total	Average	Count	Total	Average	Required	Actual
2004	172	\$748,315	\$4,351	27	\$4,270,548	\$158,168	10.00%	14.91%
2005	638	\$1,988,858	\$3,117	61	\$8,708,226	\$142,758	10.00%	18.59%
2006	599	\$1,605,275	\$2,680	56	\$8,394,725	\$149,906	10.00%	16.05%
2007	969	\$2,760,599	\$2,849	69	\$7,237,356	\$104,889	10.00%	27.61%
2008	1,775	\$3,959,627	\$2,231	103	\$11,875,700	\$115,298	10.00%	25.01%
2009	1,820	\$3,819,627	\$2,099	67	\$8,152,601	\$121,681	10.00%	31.90%
2010	1,943	\$3,637,707	\$1,872	83	\$10,208,074	\$122,989	10.00%	26.27%
2011	2,505	\$5,274,204	\$2,105	91	\$12,819,382	\$140,872	10.00%	29.15%
2012	2,976	\$6,297,420	\$2,116	98	\$16,820,746	\$171,640	10.00%	27.24%

Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue

Figure 1. Map of Community Foundations by County



Source: Iowa Council of Foundations, 2013

Table 5. Allocation of Endow Iowa Tax Credits by Host Foundation, Award Years 2006 through 2012

Host Foundation	2006	2007	2008	2009	2010	2011	2012
Community Foundation of Carroll County	\$0	\$0	\$0	\$0	\$0	\$0	\$2,526
Community Foundation of Greater Des Moines	\$927,144	\$576,591	\$1,047,212	\$665,236	\$1,567,243	\$1,928,072	\$2,641,837
Community Foundation of Greater Dubuque	\$278,510	\$393,548	\$672,979	\$300,634	\$413,278	\$366,001	\$493,810
Community Foundation of Greater Muscatine	\$0	\$0	\$21,435	\$32,207	\$23,864	\$47,824	\$52,900
Community Foundation of Johnson County	\$25,823	\$67,002	\$166,312	\$50,389	\$107,382	\$172,731	\$701,347
Community Foundation of Northeast Iowa	\$350,429	\$302,932	\$448,673	\$276,516	\$129,977	\$475,530	\$234,848
Community Foundation of the Great River Bend	\$31,179	\$159,407	\$232,233	\$239,473	\$367,214	\$392,345	\$385,146
Community Foundations of Southwest Iowa/Omaha Community Foundation	\$44,047	\$62,464	\$66,539	\$51,209	\$32,155	\$21,728	\$51,088
Fort Dodge Community Foundation and United Way	\$4,000	\$1,000	\$4,000	\$5,000	\$59,000	\$10,513	\$17,563
Greater Cedar Rapids Community Foundation	\$217,508	\$373,263	\$361,924	\$727,461	\$552,191	\$824,708	\$864,626
Greater Poweshiek Community Foundation	\$0	\$0	\$0	\$0	\$27,138	\$101,475	\$117,078
Pella Community Foundation	\$3,250	\$33,336	\$5,069	\$15,530	\$8,035	\$4,438	\$4,945
Pottawattamie County Community Foundation	\$0	\$0	\$0	\$0	\$18,757	\$143,460	\$151,458
Siouxland Community Foundation	\$105,765	\$28,928	\$61,596	\$19,465	\$143,610	\$14,659	\$28,966
South Central Iowa Community Foundation	\$12,343	\$1,119	\$79,094	\$11,324	\$11,602	\$19,914	\$31,403
Total Issued	\$1,999,998	\$1,999,590	\$3,167,066	\$2,394,444	\$3,461,446	\$4,523,398	\$5,779,541

Note: The awards for the Community Foundation of Greater Des Moines include awards from the Dickinson County Endowment Fund which was once a free-standing host foundation until it joined Des Moines. Jackson County also had a free-standing host foundation at one time, but has since joined the Community Foundation of Greater Dubuque.

Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue

Table 6. Spending Policies and Administrative Fees of Host Foundations

Host Foundation	Spending Policy	Administrative Fees
Community Foundation of Carroll County	5% of the five-year average of the fund's balance.	0.46%
Community Foundation of Greater Des Moines	5%	Depending on the type of endowment fund and the fund balance, the fee varies from between 0.125% to 1%.
Community Foundation of Greater Dubuque	5% of the market value averaged over the preceding three years.	1%
Community Foundation of Greater Muscatine	Maximum rate is 5% (actual payout has been 3.6% as most endowments are still in the building phase)	<ul style="list-style-type: none"> • 1% • scholarships are 2%
Community Foundation of Johnson County	5%	<ul style="list-style-type: none"> • 1% for nonprofit organizations • 2% for private, businesses, and individuals
Community Foundation of Northeast Iowa	4% of the average market value using an 8 quarter trailing average. For funds less than 2 years old, the calculation is based on the average of all trailing quarterly market values to date. All funds must be invested for a minimum of 4 quarters prior to any distribution.	<ul style="list-style-type: none"> • 0% for funds with a value less than \$4,999 • 1% for funds with a value between \$5,000 and \$4 million • 0.75% for funds with a value between \$4,000,001 and \$8 million • 0.5% for funds with a value exceeding \$8,000,001
Community Foundation of the Great River Bend	4.5% of a five year average of the fund's value.	1%; decreases for funds over \$500,000
Community Foundations of Southwest Iowa/Omaha Community Foundation	4.5%	1.25%
Fort Dodge Community Foundation and United Way	Up to 5% of the market value of the fund as of December 31st of each year. The board may approve a one-year spending rate not to exceed 7.5% when circumstances warrant increased spending.	Ranges from 1% - 2% annually
Greater Cedar Rapids Community Foundation	4.5% of a twelve-quarter trailing average balance.	Depending on the type of endowment fund and the fund balance, the fee varies from between 0.1% to 2%.
Greater Poweshiek Community Foundation	Between 4% and 4.5% of the principal in the fund balance. The end-of-year balance for the last three years are averaged and multiplied by the charitable disbursement rate to arrive at the dollar amount to distribute. The payout for FY 13 was 3.5%.	2%
Pella Community Foundation	Maximum rate is 5%; paid out 3% in FY 2013	Will not exceed 2% of the average asset value at year end.
Pottawattamie County Community Foundation	The spending rate shall not exceed 5% of the average of the fund's trailing 3-year market value as determined each December 31.	1.25% for assets up to \$1,000,000 for donor advised, unrestricted, field of interest, and designated funds; varies for other fund types.
Siouxland Community Foundation	The lesser of: <ul style="list-style-type: none"> • 5% of a previous twelve-quarter trailing average of funds market value, or; • the ordinary net income earned on the fund during the previous four calendar quarters. 	1% of endowed funds assessed quarterly
South Central Iowa Community Foundation	Policy is 5%; paid out 3% in FY 2013	1% of endowed funds

Source: Iowa Council of Foundations, 2013; and various host foundations publications

Table 7. Example of Endowment Fund Transactions over a Twenty-Year Period

JOHN SMITH ENDOWMENT FOR A LOCAL HOSPITAL					
6% Net Return					
20 Years of \$50,000 Annual Donation					
Year	Annual Gift	Endowment Balance After Gift	Interest Earnings Based on 6% Net Return	Grant Distribution Based on 5% of Beginning Balance	Year End Principal Balance
1	\$50,000	\$50,000	\$3,000	\$2,500	\$50,500
2	\$50,000	\$100,500	\$6,030	\$5,025	\$101,505
3	\$50,000	\$151,505	\$9,090	\$7,575	\$153,020
4	\$50,000	\$203,020	\$12,181	\$10,151	\$205,050
5	\$50,000	\$255,050	\$15,303	\$12,753	\$257,601
6	\$50,000	\$307,601	\$18,456	\$15,380	\$310,677
7	\$50,000	\$360,677	\$21,641	\$18,034	\$364,284
8	\$50,000	\$414,284	\$24,857	\$20,714	\$418,426
9	\$50,000	\$468,426	\$28,106	\$23,421	\$473,111
10	\$50,000	\$523,111	\$31,387	\$26,156	\$528,342
11	\$50,000	\$578,342	\$34,701	\$28,917	\$584,125
12	\$50,000	\$634,125	\$38,048	\$31,706	\$640,466
13	\$50,000	\$690,466	\$41,428	\$34,523	\$697,371
14	\$50,000	\$747,371	\$44,842	\$37,369	\$754,845
15	\$50,000	\$804,845	\$48,291	\$40,242	\$812,893
16	\$50,000	\$862,893	\$51,774	\$43,145	\$871,522
17	\$50,000	\$921,522	\$55,291	\$46,076	\$930,737
18	\$50,000	\$980,737	\$58,844	\$49,037	\$990,545
19	\$50,000	\$1,040,545	\$62,433	\$52,027	\$1,050,950
20	\$50,000	\$1,100,950	\$66,057	\$55,048	\$1,111,960
Total Gift:	\$1,000,000		Total Grants Issued:	\$559,799	

Source: Community Foundation of Greater Dubuque

Table 8. Total Endowed Assets by Host Foundation, 2005 through 2013

Host Foundation	2005	2006	2007	2008	2009	2010	2011	2012	2013
Community Foundation of Carroll County	\$3,014	\$19,650	\$37,766	\$37,766	\$82,218	\$123,180	\$153,483	\$183,249	\$225,742
Community Foundation of Greater Des Moines	\$3,746,325	\$12,388,876	\$26,088,188	\$26,013,542	\$23,548,668	\$32,703,616	\$46,582,658	\$51,391,092	\$166,650,379
Community Foundation of Greater Dubuque	\$6,257,503	\$8,971,991	\$14,689,711	\$16,307,405	\$16,016,372	\$19,703,085	\$24,355,231	\$26,647,008	\$33,531,601
Community Foundation of Greater Muscatine	\$34,557	\$188,272	\$659,329	\$659,329	\$884,733	\$1,388,866	\$1,754,616	\$2,171,713	\$2,523,486
Community Foundation of Johnson County	\$1,191,741	\$2,060,397	\$3,450,186	\$3,450,186	\$4,190,984	\$5,022,776	\$7,137,069	\$8,405,925	\$12,863,676
Community Foundation of Northeast Iowa	\$20,578,370	\$25,024,309	\$34,982,396	\$34,091,740	\$32,338,447	\$37,564,860	\$47,200,531	\$51,686,506	\$58,431,523
Community Foundation of the Great River Bend	\$22,612,312	\$26,625,695	\$38,736,000	\$39,904,472	\$38,639,875	\$46,702,630	\$59,361,368	\$64,131,311	\$70,590,007
Community Foundations of Southwest Iowa/Omaha Community Foundation	\$3,629,842	\$4,997,277	\$7,711,239	\$8,054,044	\$7,579,972	\$9,581,398	\$11,573,434	\$12,225,650	\$14,853,959
Fort Dodge Community Foundation and United Way	\$0	\$0	\$0	\$520,386	\$560,971	\$744,799	\$1,007,810	\$1,333,270	\$1,433,251
Greater Cedar Rapids Community Foundation	\$26,674,462	\$41,115,545	\$66,078,368	\$66,078,368	\$71,343,453	\$87,571,986	\$112,974,747	\$109,707,000	\$122,309,771
Greater Poweshiek Community Foundation	\$0	\$0	\$0	\$0	\$0	\$0	\$1,313,818	\$1,668,495	\$2,643,119
Pella Community Foundation	\$485,992	\$857,072	\$1,338,714	\$1,338,714	\$1,012,781	\$1,269,863	\$1,550,663	\$1,687,501	\$2,513,155
Pottawattamie County Community Foundation	\$0	\$0	\$0	\$0	\$0	\$0	\$3,629,912	\$5,417,696	\$7,408,953
Siouxland Community Foundation	\$5,505,130	\$7,105,229	\$10,743,572	\$9,283,576	\$7,917,250	\$8,756,611	\$11,779,887	\$12,266,859	\$13,812,394
South Central Iowa Community Foundation	\$4,938,384	\$5,551,753	\$6,520,000	\$6,520,000	\$6,109,635	\$6,509,539	\$8,268,512	\$8,522,206	\$10,358,990
Total Assets	\$95,657,632	\$134,906,066	\$211,035,469	\$212,259,528	\$210,225,359	\$257,643,210	\$338,643,740	\$357,445,481	\$520,150,006
Total Asset Growth		41.03%	56.43%	0.58%	-0.96%	22.56%	31.44%	5.55%	45.52%

Note: The assets for the Community Foundation of Greater Des Moines include assets from the Dickinson County Endowment Fund which was once a free-standing host foundation until it joined Des Moines. Jackson County also had a free-standing host foundation at one time, but has since joined the Community Foundation of Greater Dubuque.

Source: Iowa Council of Foundations

Table 9. Endowment Fund Tax Credits by State, December 31, 2013

State	Program	Qualifying Contributions	Enacted	Sunset or Repeal Date	Annual Program Cap	Tax Credit Percentage	Taxpayer Cap	Qualifying Tax Types	Refundable	Carry Forward	State Itemized Deduction
Iowa	Endow Iowa Tax Credit	Contributions to certified community foundations and their affiliates.	2003	NA	CY2003&2004 - \$2.0M total CY2005 - \$2.0M CY2006 - \$2.0M CY2007 - \$2.0M CY2008 - \$2.0M+ CY2009 - \$2.0M+ CY2010 - \$2.7M+ CY2011 - \$3.5M+ CY2012 - \$6.0M	25%	5% of annual program cap, currently \$300,000.	Corporate, Individual, Franchise, Insurance Premium, and Moneys and Credits	No	5 Years	No
Kansas	Regional Foundation Tax Credit	Qualified gift to an approved regional foundation.	2004	Repealed 2012	FY2005 - \$2.5M FY2006 - \$2.0M FY2007 - \$2.0M FY2008 - \$2.0M FY2009 - \$2.0M FY2010 - \$2.0M FY2011 - \$1.8M FY2012 - \$2.0M	75%	None	Corporate, Individual, Franchise, Insurance Premium	Yes	NA	No
Kentucky	Endow Kentucky Tax Credit	Contributions to certified community foundations and their affiliates.	2011	NA	\$500,000 per fiscal year	20%	\$10,000	Corporate, Estate or Trust, Individual	No	5 Years	Yes
Michigan	Community Foundation Tax Credit	Contributions to certified community foundations.	1989	Repealed 2012	None	50%	Corporate - 5% of tax liability or \$5,000, whichever is less. Individual - \$100 for single filers or \$200 for joint filers. Estate or Trust - 10% of tax liability or \$5,000, whichever is less.	Corporate, Estate or Trust, Individual	No	No	No
Montana	Montana Endowment Tax Credit	Qualified planned gift to a qualified Montana charitable endowment.	1997	Sunset 2019	None	Individual - 40% of a planned gift. Estates or trusts- can claim 40% of a planned gift and 20% of a direct contribution. Business - 20% of the value of a gift.	\$10,000	Corporate, Estate or Trust, Individual	No	No	No

Table 9 (continued). Endowment Fund Tax Credits by State, December 31, 2013

State	Program	Qualifying Contributions	Enacted	Sunset or Repeal Date	Annual Program Cap	Tax Credit Percentage	Taxpayer Cap	Qualifying Tax Types	Refundable	Carry Forward	State Itemized Deduction
Nebraska	Nebraska Charitable Endowment Tax Credit	Planned gifts or contributions to endowment funds of Nebraska 501(c)(3) charitable organizations.	2006	Sunset 2009	None	15% of planned gifts for individuals, S corporations, partnerships, and limited liability companies. 10% of any contribution for C corporations. 15% of planned gifts or 10% of a direct gift for an estate or trust.	Corporate - \$5,000 Estate or Trust - \$5,000 Individual - \$5,000 for single filer or \$10,000 for joint filers.	Corporate, Estate or Trust, Individual	No	No	Yes
North Dakota	Tax Credit for Planned or Deferred Gifts	Qualified deferred gifts to nonprofit organizations.	2007 (Franchise 2010)	NA	None	40%	Business - \$10,000 Estate or Trust - \$10,000 Franchise - \$10,000 Individual - \$10,000 for single filer or \$20,000 for joint filers.	Corporate, Estate or Trust, Franchise, Individual	No	3 Years (Franchise 0)	No
	Tax Credit for Endowment Gifts	Qualified gift to a endowment fund. Individuals must make a minimum donation of \$5,000.	2011	NA	None	40%	Business - \$10,000 Estate or Trust - \$10,000 Franchise - \$10,000 Individual - \$10,000 for single filer or \$20,000 for joint filers.	Corporate, Estate or Trust, Franchise, Individual	No	3 Years (Franchise 0)	No

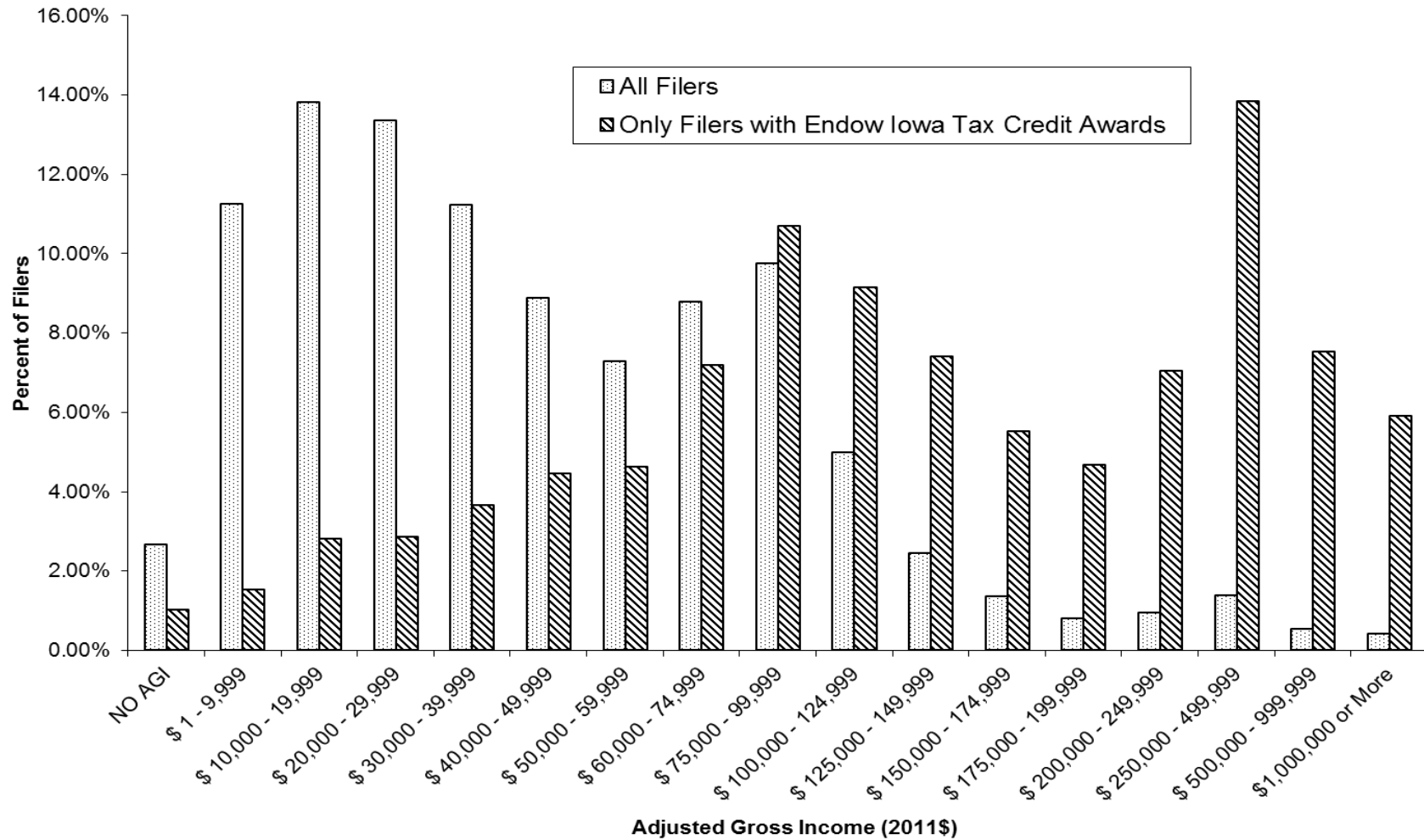
Source: Various state department of revenue reports, tax forms, and state tax code.

Table 10. Persistence of Endow Iowa Awards, Award Years 2006 through 2011

Total Number of Years with Endow Iowa Donations	Number of Taxpayers	Percent of Taxpayers	Number of Households	Percent of Households
1	3,402	70.4%	3,035	68.7%
2	798	16.5%	746	16.9%
3	338	7.0%	325	7.4%
4	171	3.5%	182	4.1%
5	82	1.7%	89	2.0%
6	41	0.8%	39	0.9%
	4,832	100%	4,416	100%

Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue; and Individual Income Tax Returns

Figure 2. Adjusted Gross Income of All Income Tax Filers and Households with Endow Iowa Awards, Award Years 2006 through 2011



Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue; and Individual Income Tax Returns

Table 11. Endow Iowa Donations by Household AGI, Award Years 2006 through 2011

Household Adjusted Gross Income (AGI) (in 2011\$)	Number of Households with Donations	Distribution of Households with Donations	Total Amount of Donations	Distribution of Donations	Average Endow Iowa Donation as a Percent of AGI
NO AGI	71	1.03%	\$451,667	0.66%	NA
\$ 1 - 9,999	106	1.53%	\$88,800	0.13%	42.15%
\$ 10,000 - 19,999	194	2.81%	\$256,564	0.38%	8.61%
\$ 20,000 - 29,999	198	2.87%	\$398,176	0.58%	7.91%
\$ 30,000 - 39,999	254	3.68%	\$371,897	0.55%	4.15%
\$ 40,000 - 49,999	309	4.47%	\$594,531	0.87%	4.24%
\$ 50,000 - 59,999	320	4.63%	\$1,404,294	2.06%	8.05%
\$ 60,000 - 74,999	497	7.19%	\$899,601	1.32%	2.69%
\$ 75,000 - 99,999	739	10.70%	\$1,944,877	2.85%	2.96%
\$ 100,000 - 124,999	632	9.15%	\$2,460,334	3.61%	3.51%
\$ 125,000 - 149,999	513	7.43%	\$1,913,140	2.81%	2.71%
\$ 150,000 - 174,999	382	5.53%	\$1,118,029	1.64%	1.81%
\$ 175,000 - 199,999	323	4.68%	\$1,601,693	2.35%	2.64%
\$ 200,000 - 249,999	487	7.05%	\$3,394,512	4.98%	3.12%
\$ 250,000 - 499,999	956	13.84%	\$9,778,739	14.35%	2.82%
\$ 500,000 - 999,999	520	7.53%	\$10,782,170	15.82%	3.06%
\$1,000,000 or More	408	5.91%	\$30,692,654	45.04%	2.74%
	6,909		\$68,151,678		3.26%

Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue; and Individual Income Tax Returns

Table 12. Endow Iowa Tax Credit Awards by Filing Status, Award Years 2006 through 2011

Filing Status	Number of Households with Tax Credit Awards	Distribution of Households with Tax Credits	Total Amount of Tax Credit Awards	Distribution of Total Tax Credit Awards Issued	Average Household Tax Credit Award
Single	1,319	19.09%	\$2,843,418	18.98%	\$2,156
Married Filing Jointly	1,220	17.66%	\$4,950,602	33.05%	\$4,058
Married Filing Separately on Combined Return	4,266	61.75%	\$6,920,504	46.20%	\$1,622
Married Filing Separately on Separate Return	30	0.43%	\$80,297	0.54%	\$2,677
Head of Household	68	0.98%	\$176,273	1.18%	\$2,592
Qualifying Widow(er) with Dependent Child	6	0.09%	\$9,229	0.06%	\$1,538
Total	6,909		\$14,980,323		\$2,168

Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue; and Individual Income Tax Returns

Table 13. Endow Iowa Tax Credit Awards by Number of Dependents, Award Years 2006 through 2011

Number of Dependents in the Household	Number of Households with Tax Credit Awards	Distribution of Households with Tax Credits	Total Amount of Tax Credit Awards	Distribution of Total Tax Credit Awards Issued	Average Household Tax Credit Award
0 Dependents	5,213	75.45%	\$11,717,954	78.22%	\$2,248
1 Dependent	620	8.97%	\$1,651,940	11.03%	\$2,664
2 Dependents	674	9.76%	\$993,269	6.63%	\$1,474
3 Dependents	298	4.31%	\$498,692	3.33%	\$1,673
4 or More Dependents	104	1.51%	\$118,467	0.79%	\$1,139
Total	6,909		\$14,980,322		\$2,168

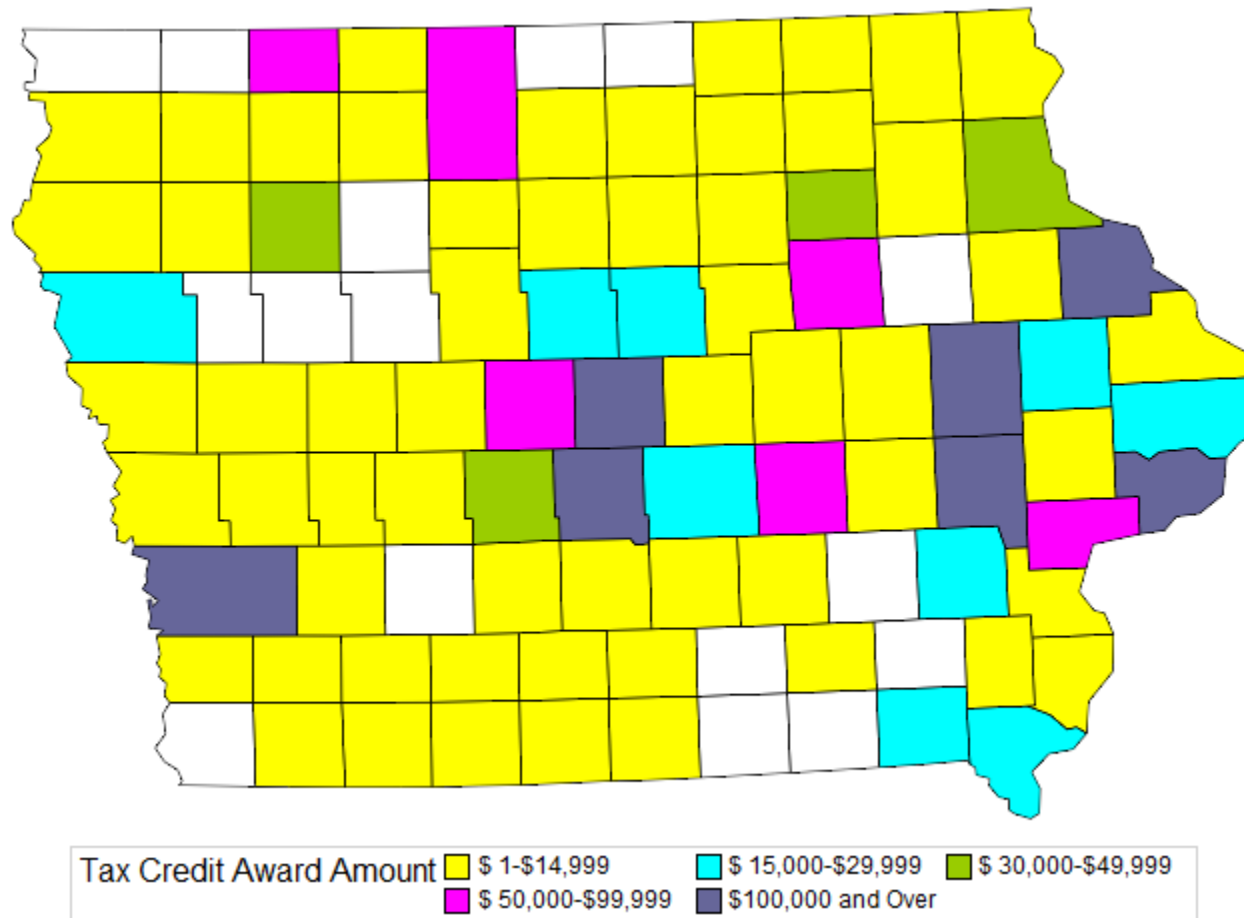
Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue; and Individual Income Tax Returns

Table 14. Endow Iowa Tax Credit Awards by Age Group, Award Years 2006 through 2011

Age Group	Number of Individual Tax Credit Awards	Distribution of Individuals with Tax Credit Awards	Total Amount of Tax Credit Awards	Distribution of Tax Credits Awarded	Average Tax Credit Award
Less than age 25	8	0.09%	\$18,925	0.12%	\$2,366
Age 25-34	195	2.16%	\$77,043	0.51%	\$395
Age 35-44	580	6.42%	\$548,548	3.61%	\$946
Age 45-54	1,522	16.84%	\$2,011,361	13.24%	\$1,322
Age 55-64	2,785	30.82%	\$4,245,070	27.94%	\$1,524
Age 65 and Over	3,946	43.67%	\$8,291,338	54.58%	\$2,101
Total	9,036		\$15,192,285		\$1,681

Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue; and Individual Income Tax Returns

Figure 3. Total Award Amounts by Donor Location, Award Year 2012



Note: The map includes individual Iowa residents only. Blank counties had no identified donors. There were 66 donors with unknown locations, 44 donors living out of state, and 200 corporate donors not included on this map.

Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue; and Individual Income Tax Returns

Table 15. Endow Iowa Tax Credit Awards by Donor Residence (Excludes Non-Residents), Award Year 2012

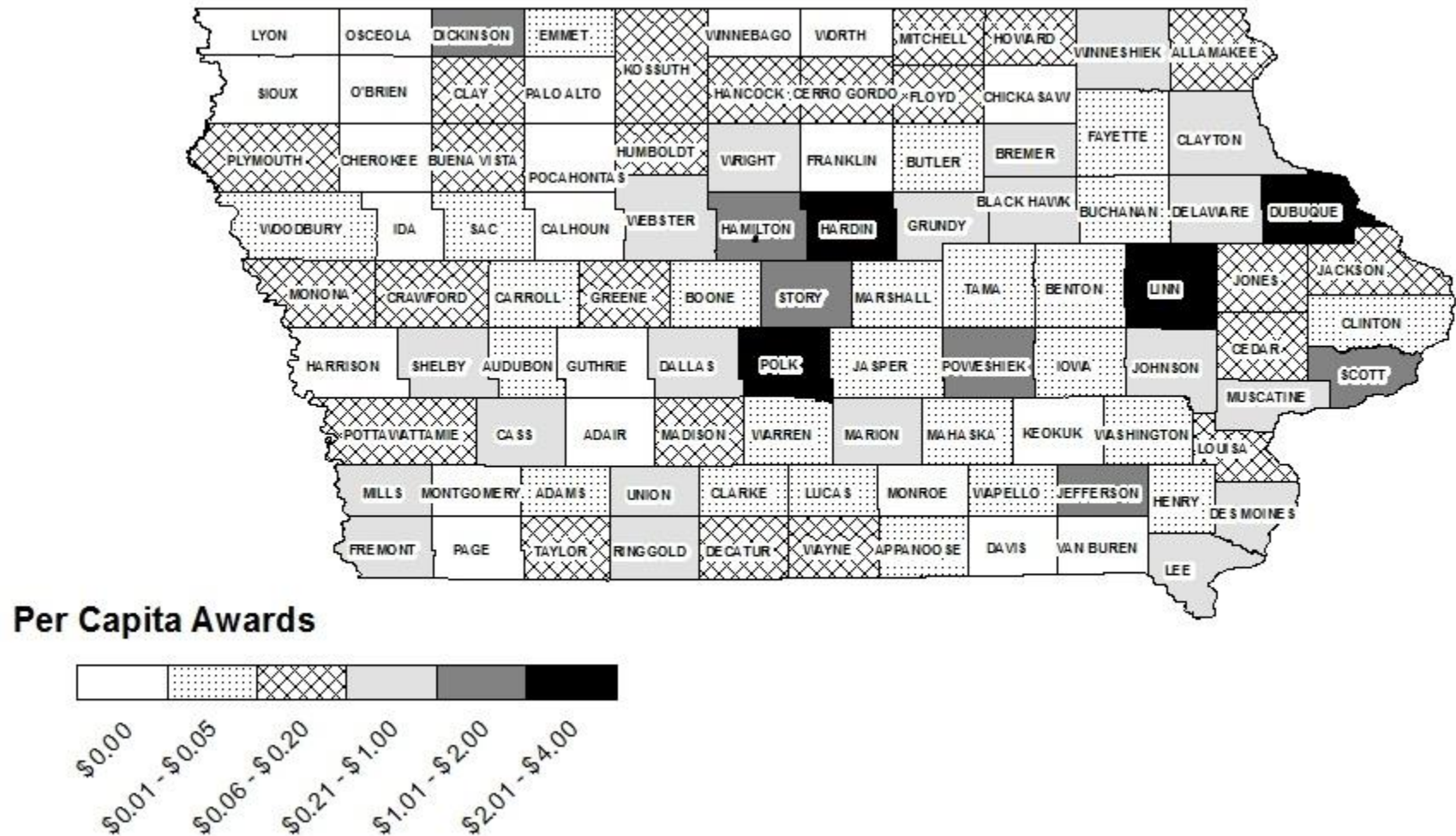
County	Number of Households with Awards	Total Awards	Average Award Amount	County	Number of Households with Awards	Total Awards	Average Award Amount
Adair	0	\$0	\$0	Jasper	16	\$28,065	\$1,754
Adams	9	\$475	\$53	Jefferson	0	\$0	\$0
Allamakee	9	\$2,194	\$244	Johnson	232	\$696,840	\$3,004
Appanoose	0	\$0	\$0	Jones	6	\$26,375	\$4,396
Audubon	7	\$11,662	\$1,666	Keokuk	0	\$0	\$0
Benton	5	\$14,050	\$2,810	Kossuth	108	\$51,965	\$481
Black Hawk	71	\$79,132	\$1,115	Lee	38	\$21,448	\$564
Boone	18	\$80,908	\$4,495	Linn	213	\$554,024	\$2,601
Bremer	31	\$45,491	\$1,467	Louisa	27	\$1,345	\$50
Buchanan	0	\$0	\$0	Lucas	6	\$161	\$27
Buena Vista	*	\$36,850	*	Lyon	0	\$0	\$0
Butler	*	\$2,750	*	Madison	14	\$519	\$37
Calhoun	0	\$0	\$0	Mahaska	5	\$675	\$135
Carroll	*	\$1,296	*	Marion	12	\$6,559	\$547
Cass	5	\$10,050	\$2,010	Marshall	18	\$3,018	\$168
Cedar	7	\$6,452	\$922	Mills	*	\$125	*
Cerro Gordo	9	\$2,093	\$233	Mitchell	*	\$7,500	*
Cherokee	*	\$250	*	Monona	*	\$1,226	*
Chickasaw	*	\$5,063	*	Monroe	0	\$0	\$0
Clarke	22	\$393	\$18	Montgomery	*	\$338	*
Clay	6	\$5,475	\$913	Muscatine	16	\$53,594	\$3,350
Clayton	34	\$34,881	\$1,026	O'Brien	*	\$1,875	*
Clinton	54	\$18,199	\$337	Osceola	0	\$0	\$0
Crawford	*	\$6,500	*	Page	*	\$2,750	*
Dallas	21	\$36,011	\$1,715	Palo Alto	11	\$4,213	\$383
Davis	0	\$0	\$0	Plymouth	*	\$1,731	*
Decatur	17	\$636	\$37	Pocahontas	0	\$0	\$0
Delaware	18	\$13,858	\$770	Polk	244	\$2,092,638	\$8,576
Des Moines	12	\$4,534	\$378	Pottawattamie	20	\$151,377	\$7,569
Dickinson	39	\$68,702	\$1,762	Poweshiek	270	\$83,393	\$309
Dubuque	338	\$349,217	\$1,033	Ringgold	22	\$10,206	\$464
Emmet	*	\$508	*	Sac	*	\$25	*
Fayette	*	\$226	*	Scott	219	\$245,680	\$1,122
Floyd	21	\$14,845	\$707	Shelby	5	\$9,125	\$1,825
Franklin	5	\$1,025	\$205	Sioux	*	\$613	*
Fremont	0	\$0	\$0	Story	226	\$200,201	\$886
Greene	52	\$7,731	\$149	Tama	*	\$88	*
Grundy	*	\$2,075	*	Taylor	*	\$62	*
Guthrie	*	\$783	*	Union	5	\$5,363	\$1,073
Hamilton	6	\$16,290	\$2,715	Van Buren	*	\$16,910	*
Hancock	*	\$500	*	Wapello	*	\$2,500	*
Hardin	50	\$28,460	\$569	Warren	13	\$1,188	\$91
Harrison	*	\$5,252	*	Washington	9	\$28,648	\$3,183
Henry	*	\$750	*	Wayne	*	\$3,750	*
Howard	*	\$600	*	Webster	*	\$2,638	*
Humboldt	6	\$3,812	\$635	Winnebago	0	\$0	\$0
Ida	0	\$0	\$0	Winneshiek	11	\$19,765	\$1,797
Iowa	*	\$145,150	*	Woodbury	51	\$21,183	\$415
Jackson	9	\$1,375	\$153	Worth	0	\$0	\$0
				Wright	9	\$8,800	\$978
Totals					2,777	\$5,435,003	\$1,957

* Fewer than 5 taxpayers

Note: Shaded counties indicate that the average county award exceeded the statewide average.

Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue; and Individual Income Tax Returns

Figure 4. Per Capita Endow Iowa Tax Credit Awards by County, Award Year 2010



Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue; Individual Income Tax Returns; United States Census data

Table 16. Residency Status of Endow Iowa Donors, Award Years 2006 through 2011

Source of Donation	2006	2007	2008	2009	2010	2011	Average
State Nonresident Donation	\$380,548	\$297,348	\$172,364	\$120,778	\$223,327	\$58,000	
Percent of Total Donations	4.27%	3.42%	1.28%	1.20%	1.94%	0.37%	1.20%
In-Foundation Area Donation	\$8,135,621	\$7,293,449	\$12,056,305	\$8,701,530	\$10,786,812	\$14,628,544	
Percent of Total Donations	91.23%	83.83%	89.77%	86.12%	93.80%	94.38%	91.02%
Out-of-Foundation Area Donation	\$401,654	\$1,109,844	\$1,201,202	\$1,281,290	\$489,641	\$813,419	
Percent of Total Donations	4.50%	12.76%	8.94%	12.68%	4.26%	5.25%	7.78%
Total Donations	\$8,917,823	\$8,700,641	\$13,429,871	\$10,103,598	\$11,499,780	\$15,499,963	

Note: Analysis excludes corporate donations.

Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue; and Individual Income Tax Returns

Table 17. Residency Status of Endow Iowa Donors by Community Foundation, Award Years 2006 through 2011

	In-Foundation Area Donation	Out-of-Foundation Area Donation	State Nonresident Donation
Community Foundation of Greater Des Moines	95.70%	2.03%	2.27%
Community Foundation of Greater Dubuque	84.57%	14.29%	1.14%
Community Foundation of Greater Muscatine	96.53%	3.47%	0.00%
Community Foundation of Johnson County	98.84%	0.84%	0.32%
Community Foundation of Northeast Iowa	97.55%	1.39%	1.06%
Community Foundation of the Great River Bend	88.77%	7.71%	3.51%
Fort Dodge Community Foundation and United Way	54.99%	45.01%	0.00%
Greater Cedar Rapids Community Foundation	80.21%	19.23%	0.57%
Greater Poweshiek Community Foundation	97.33%	2.26%	0.42%
Omaha Community Foundation	86.93%	4.84%	8.23%
Pella Community Foundation	78.67%	3.31%	18.03%
Pottawattamie County Community Foundation	96.46%	2.47%	1.08%
Siouxland Community Foundation	61.66%	35.17%	3.17%
South Central Iowa Community Foundation	84.56%	15.15%	0.28%
Average	85.91%	11.23%	2.86%

Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue; and Individual Income Tax Returns

Table 18. Concentration of Top 25 Endow Iowa Tax Credit Awards, Award Years 2006 through 2011

Award Year	Top 25 Total Donations	Top 25 Average Donation	Top 25 Percent of Total Awards	Top 25 Total Credits Awarded	Top 25 Percent of the Number of Total Awards	Top 25 Average Award
2006	\$6,892,290	\$275,692	68.92%	\$621,542	3.82%	\$55,138
2007	\$4,558,091	\$182,324	45.59%	\$1,087,973	2.41%	\$36,465
2008	\$7,163,352	\$286,534	45.24%	\$1,734,395	1.33%	\$57,307
2009	\$5,763,811	\$230,552	48.14%	\$1,241,683	1.32%	\$46,110
2010	\$6,468,765	\$281,251	46.72%	\$1,844,254	1.14%	\$70,313
2011	\$8,739,086	\$349,563	48.30%	\$2,338,625	0.96%	\$87,391
Total	\$39,585,395			\$8,868,472		
Average	\$6,597,566	\$267,653	50.49%	\$1,478,079	1.83%	\$58,787

Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue

Table 19. Persistence of Top 25 Endow Iowa Tax Credit Awards, Award Years 2006 through 2011

Total Number of Years with Endow Iowa Donations	Number of Taxpayers	Percent of Taxpayers
1	51	48.6%
2	24	22.9%
3	17	16.2%
4	5	4.8%
5	6	5.7%
6	2	1.9%
Total	105	100%

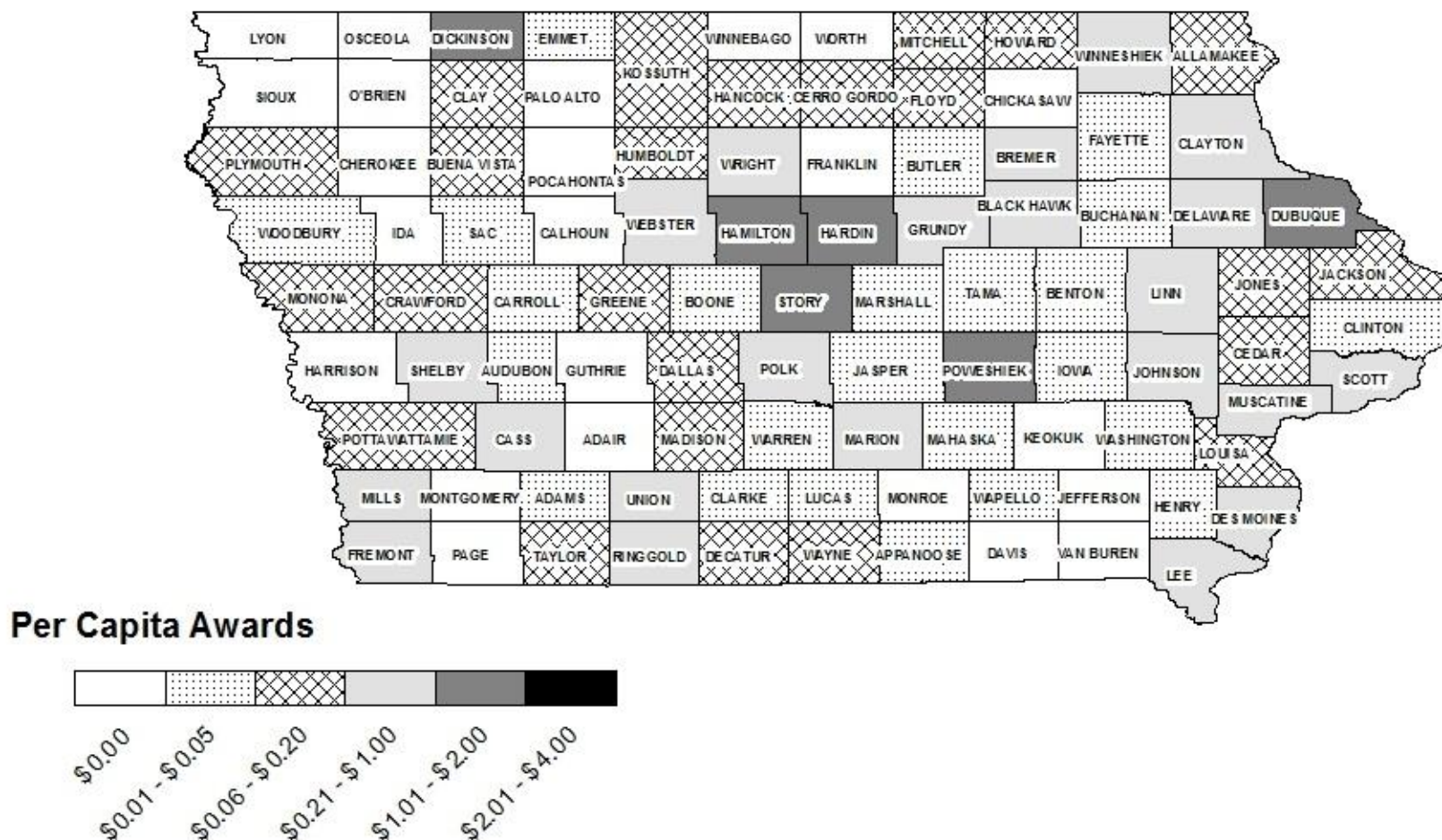
Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue

Table 20. Residency Status of Endow Iowa Donors Under \$100,000, Award Years 2006 through 2011

Source of Donation	2006	2007	2008	2009	2010	2011	Average
State Nonresident Donation	\$23,300	\$154,596	\$172,364	\$120,778	\$123,327	\$58,000	
Percent of Total Donations	0.84%	3.59%	2.74%	2.34%	2.40%	0.79%	2.07%
In-Foundation Area Donation	\$2,464,640	\$3,661,749	\$5,487,683	\$4,511,605	\$4,635,845	\$6,853,320	
Percent of Total Donations	88.49%	85.09%	87.29%	87.50%	90.04%	93.11%	89.48%
Out-of-Foundation Area Donation	\$297,432	\$486,926	\$626,821	\$523,920	\$389,641	\$449,419	
Percent of Total Donations	10.68%	11.32%	9.97%	10.16%	7.57%	6.11%	8.45%
							Total
Total Donations Under \$100K	\$2,785,372	\$4,303,271	\$6,286,868	\$5,156,303	\$5,148,813	\$7,360,739	\$31,041,366
Total Donations	\$8,917,823	\$8,700,641	\$13,429,871	\$10,103,598	\$11,499,780	\$15,499,963	\$68,151,676
Difference in Donations	\$6,132,451	\$4,397,370	\$7,143,003	\$4,947,295	\$6,350,967	\$8,139,224	\$37,110,310

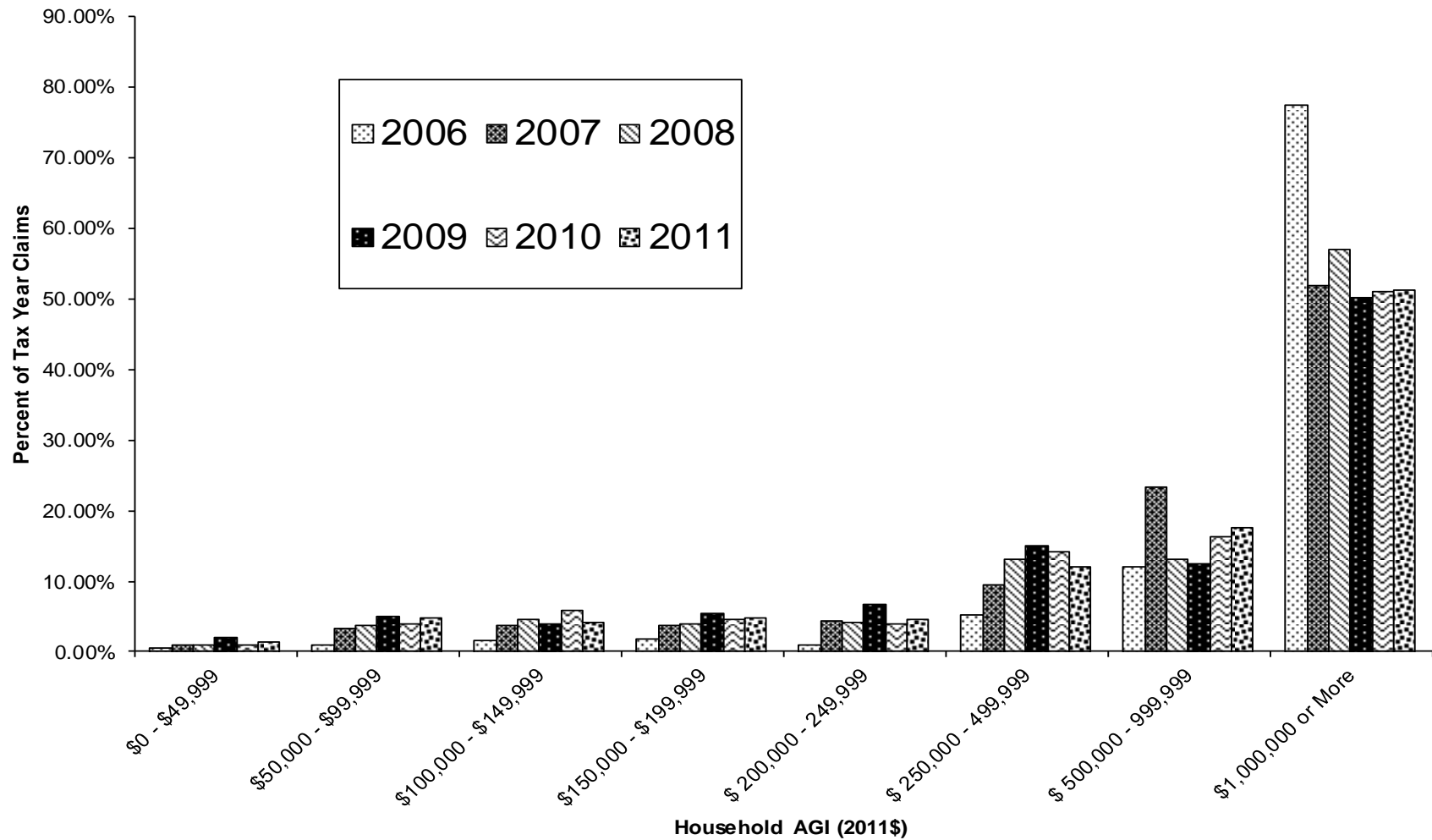
Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue; and Individual Income Tax Returns

Figure 5. Per Capita Endow Iowa Tax Credit Awards by County For Donations Under \$100,000, Award Year 2010



Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue; Individual Income Tax Returns; United States Census data

Figure 6. Adjusted Gross Income of Households with Endow Iowa Tax Credit Claims, Tax Years 2006 through 2011



Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue; and Individual Income Tax Return

Table 21. Endow Iowa Tax Credit Claims by Household Adjusted Gross Income, Tax Years 2006 through 2011

Household Adjusted Gross Income (in 2011\$)	Number of Households with Tax Credit Claims	Distribution of Households with Tax Claims	Total Amount of Tax Credit Claims	Distribution of Tax Credit Claims	Average Household Tax Credit Claim
NO AGI	73	1.20%	\$15,006	0.10%	\$1,248
\$ 1 - 9,999	82	1.35%	\$49	0.00%	\$2
\$ 10,000 - 19,999	118	1.95%	\$5,124	0.04%	\$245
\$ 20,000 - 29,999	143	2.36%	\$26,084	0.18%	\$1,117
\$ 30,000 - 39,999	203	3.35%	\$37,393	0.26%	\$1,069
\$ 40,000 - 49,999	238	3.93%	\$85,166	0.59%	\$2,270
\$ 50,000 - 59,999	241	3.98%	\$93,486	0.64%	\$2,270
\$ 60,000 - 74,999	360	5.94%	\$161,061	1.11%	\$2,556
\$ 75,000 - 99,999	545	8.99%	\$309,808	2.14%	\$3,192
\$ 100,000 - 124,999	519	8.56%	\$305,380	2.11%	\$3,532
\$ 125,000 - 149,999	416	6.86%	\$290,236	2.00%	\$3,864
\$ 150,000 - 174,999	336	5.54%	\$330,079	2.28%	\$5,589
\$ 175,000 - 199,999	296	4.88%	\$281,779	1.94%	\$5,546
\$ 200,000 - 249,999	465	7.67%	\$630,115	4.34%	\$7,738
\$ 250,000 - 499,999	965	15.92%	\$1,777,915	12.26%	\$10,570
\$ 500,000 - 999,999	584	9.63%	\$2,248,283	15.50%	\$23,774
\$1,000,000 or More	478	7.89%	\$7,906,457	54.51%	\$100,290
Total	6,062		\$14,503,421		\$2,393

Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue; and Individual Income Tax Returns

Table 22. Endow Iowa Tax Credit Claims by Award Year, Tax Year, and Fiscal Year

Year	Award Year		Tax Year		Fiscal Year	
	Number Claimed	Total Claimed	Number Claimed	Total Claimed	Number Claimed	Total Claimed
2004	2	\$59,388				
2005	37	\$232,257	NA		NA	
2006	777	\$1,790,909	669	\$1,770,153	0	\$0
2007	1,140	\$1,666,451	935	\$1,582,910	590	\$1,201,045
2008	2,010	\$2,625,793	1,712	\$2,206,731	889	\$1,454,552
2009	2,006	\$1,926,213	1,912	\$1,883,644	1,628	\$2,013,115
2010	1,945	\$2,606,840	2,151	\$2,935,836	1,850	\$2,066,221
2011	2,243	\$3,178,419	2,526	\$3,323,056	2,105	\$2,600,446
2012	1,521	\$3,370,109	1,990	\$3,922,155	2,528	\$3,238,189
2013	NA		NA		2,030	\$3,960,493
2014	NA		NA		195	\$1,021,713
Missing	214	\$168,106	0	\$0	80	\$68,711
	11,895	\$17,624,485	11,895	\$17,624,485	11,895	\$17,624,485

Notes: Of the total claims, corporate income, insurance premium, and franchise taxpayer claims only account for \$420,666. Claims that are missing an award year were made without certificate numbers and are being reviewed by Tax Research to verify the validity of the claim. Claims missing a fiscal year reflect information available in the tax credits claim database, mostly for tax year 2012, which could not be matched to a filed return at the time of this study due to a delay in processing.

Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue; and Individual Income Tax Return

Table 23. Timing of Claims to Endow Iowa Tax Credit Awards

Year of Tax Credit Award	Total Issued	Percent Claimed in First Year	Percent Claimed in Second Year	Percent Claimed in Third Year	Percent Claimed in Fourth Year	Percent Claimed in Fifth Year	Percent Claimed in Final Year	Amount Remaining
2006	\$2,000,000	74.80%	7.95%	1.44%	1.04%	2.05%	1.71%	11.00%
2007	\$1,999,997	66.13%	6.37%	3.47%	2.34%	1.21%	2.14%	18.34%
2008	\$3,176,854	62.31%	10.85%	4.00%	3.45%	1.71%		17.68%
2009	\$2,394,446	57.92%	13.42%	4.57%	4.28%			19.81%
2010	\$3,657,633	65.10%	4.22%	1.61%				29.07%
2011	\$4,523,265	63.34%	5.73%					30.93%
2012*	\$5,779,592	57.02%						42.98%
Average		64.93%	8.09%	3.02%	2.78%	1.66%	1.92%	17.60%

* Incomplete tax year

Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue; and Individual Income Tax Returns

Table 24. Endow Iowa Tax Credit Claims with Carry Forward by Household, Tax Years 2006 through 2011

Tax Year	Number of Households with Available Tax Credits	Number of Households with Carry Forward	Percent of Households with Carry Forward	Average Percent of Credits Carried Forward for Households with Carry Forward
2006	447	54	12.08%	60.95%
2007	606	110	18.15%	68.98%
2008	1,056	206	19.51%	78.34%
2009	1,085	225	20.74%	77.42%
2010	1,346	241	17.90%	72.94%
2011	1,526	296	19.40%	76.69%
Total	6,066	1,132	18.66%	74.84%

Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue; and Individual Income Tax Returns

Table 25. Endow Iowa Tax Credit Carry Forward by Household Adjusted Gross Income, Tax Years 2006 through 2011

Household Adjusted Gross Income (in 2011\$)	2006		2007		2008	
	Number of Households with Carry Forward	Amount of Carry Forward	Number of Households with Carry Forward	Amount of Carry Forward	Number of Households with Carry Forward	Amount of Carry Forward
NO AGI	*	\$2,555	10	\$6,915	12	\$161,771
\$ 1 - 9,999	*	\$1,050	*	\$115	11	\$7,441
\$ 10,000 - 19,999	0	\$0	7	\$12,559	16	\$20,899
\$ 20,000 - 29,999	*	\$581	6	\$5,951	10	\$15,831
\$ 30,000 - 39,999	*	\$10,154	6	\$20,490	10	\$11,252
\$ 40,000 - 49,999	*	\$5,468	6	\$1,340	11	\$16,982
\$ 50,000 - 59,999	*	\$15,367	6	\$15,079	14	\$62,481
\$ 60,000 - 74,999	*	\$600	6	\$14,597	16	\$53,562
\$ 75,000 - 99,999	*	\$438	7	\$4,419	14	\$80,602
\$ 100,000 - 124,999	*	\$16,868	7	\$55,150	16	\$221,940
\$ 125,000 - 149,999	*	\$13,370	*	\$21,036	8	\$117,689
\$ 150,000 - 174,999	*	\$1,244	*	\$25,029	6	\$49,183
\$ 175,000 - 199,999	*	\$50	*	\$54,850	7	\$19,741
\$ 200,000 - 249,999	0	\$0	6	\$60,922	9	\$59,544
\$ 250,000 - 499,999	13	\$31,517	16	\$174,386	19	\$191,421
\$ 500,000 - 999,999	6	\$222,307	9	\$305,326	16	\$253,972
\$1,000,000 or More	6	\$181,045	7	\$87,814	11	\$294,379
Total	54	\$502,614	110	\$865,978	206	\$1,638,690
Average per Taxpayer		\$9,308		\$7,873		\$7,955
Household Adjusted Gross Income (in 2011\$)	2009		2010		2011	
	Number of Households with Carry Forward	Amount of Carry Forward	Number of Households with Carry Forward	Amount of Carry Forward	Number of Households with Carry Forward	Amount of Carry Forward
NO AGI	11	\$218,338	13	\$114,405	19	\$46,877
\$ 1 - 9,999	18	\$171,226	21	\$16,996	26	\$20,278
\$ 10,000 - 19,999	22	\$73,170	23	\$11,351	35	\$19,289
\$ 20,000 - 29,999	11	\$50,584	19	\$14,805	23	\$57,654
\$ 30,000 - 39,999	22	\$45,806	15	\$14,916	19	\$7,800
\$ 40,000 - 49,999	16	\$48,412	16	\$31,829	22	\$36,546
\$ 50,000 - 59,999	12	\$109,024	14	\$257,815	12	\$33,685
\$ 60,000 - 74,999	9	\$38,344	12	\$71,131	21	\$106,883
\$ 75,000 - 99,999	17	\$391,670	19	\$259,126	25	\$252,067
\$ 100,000 - 124,999	7	\$87,740	12	\$192,395	19	\$223,350
\$ 125,000 - 149,999	6	\$178,344	14	\$100,259	8	\$113,152
\$ 150,000 - 174,999	10	\$83,040	8	\$108,512	11	\$109,007
\$ 175,000 - 199,999	12	\$42,372	9	\$58,567	8	\$79,504
\$ 200,000 - 249,999	11	\$366,944	10	\$45,231	10	\$117,726
\$ 250,000 - 499,999	26	\$1,041,528	18	\$277,639	17	\$673,981
\$ 500,000 - 999,999	8	\$616,758	13	\$292,760	12	\$226,548
\$1,000,000 or More	7	\$73,394	5	\$62,808	9	\$248,713
Total	225	\$3,636,694	241	\$1,930,545	296	\$2,373,060
Average per Taxpayer		\$16,163		\$8,011		\$8,017

* Fewer than 5 households

Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue; and Individual Income Tax Returns

Table 26. Estimated After-Tax Cost of Endow Iowa Donations

Household Adjusted Gross Income	After-Tax Cost of \$1,000 Donation in TY 2010*
Less than \$20,000	\$987
\$20,001 to 30,000	\$915
\$30,001 to 40,000	\$780
\$40,001 to 50,000	\$832
\$50,001 to 60,000	\$963
\$60,001 to 70,000	\$602
\$70,001 to 80,000	\$906
\$80,001 to 90,000	\$833
\$90,001 to 100,000	\$741
\$100,001 to 125,000	\$829
\$125,001 to 150,000	\$769
\$150,001 to 175,000	\$515
\$175,001 to 200,000	\$595
\$200,001 to 250,000	\$545
\$250,001 to 500,000	\$650
\$500,001 to 1,000,000	\$537
\$1,000,001 or more	\$405

*Calculation is based on tax year 2010 when the maximum federal marginal tax rate was 35% and there was no phase-out of itemized deductions for high-income taxpayers.

Source: Iowa Individual Income Tax Model

Table 27. Characteristics of Iowa Resident Households with Charitable Contributions, Tax Year 2012

Taxpayers with Charitable Contributions - No Endow Iowa Contribution					
Number of Observations -- 351,325					
Taxpayer Characteristics	Average	Standard Deviation	Minimum	Maximum	Median
Charitable Contributions from Schedule A Less Endow Iowa Donations	\$4,035	\$26,743	\$1	\$7,800,276	\$1,500
Household Adjusted Gross Income (in \$1,000s)	\$113	\$334	-\$3,630	\$54,084	\$81
Marriage Indicator	0.69	0.46	0	1	1
Age	54	16	17	112	53
Taxpayers with Charitable Contributions - With Endow Iowa Contribution					
Number of Observations -- 1,729					
Taxpayer Characteristics	Average	Standard Deviation	Minimum	Maximum	Median
Charitable Contributions from Schedule A Less Endow Iowa Donations	\$40,198	\$388,583	\$0	\$14,513,119	\$7,860
Endow Iowa Contribution	\$10,732	\$83,786	\$10	\$1,820,724	\$900
Household Adjusted Gross Income (in \$1,000s)	\$561	\$3,640	-\$28	\$129,901	\$153
Marriage Indicator	0.78	0.41	0	1	1
Age	63	14	26	101	63

Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue; and Individual Income Tax Returns

Table 28. Estimation of the Impact of Endow Iowa Donations on Charitable Contributions Less Endow Iowa Donations

Independent Variable	Coefficient	Standard Error	t-value	
Intercept	-8,928.50	179.78	-49.66	*
Endow Iowa Contribution	0.09	0.01	10.54	*
Household Adjusted Gross Income	28.16	0.48	58.68	*
Interaction of Marriage Status and AGI	30.29	0.49	62.16	*
Age	128.01	3.17	40.43	*
Adjusted R ²	0.4035			
Number of Observations	353,054			

* Statistically significant at 1% level.

Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue; and Individual Income Tax Returns